

## HOUSE OF REPRESENTATIVES—Friday, September 20, 1985

The House met at 10 a.m. and was called to order by the Speaker pro tempore [Mr. WRIGHT].

## DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,  
September 19, 1985.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore on Friday, September 20, 1985.

THOMAS P. O'NEILL, Jr.,  
Speaker of the House of Representatives.

## PRAYER

The Reverend Michael B. Easterling, pastor, Madison Avenue Baptist Church, New York, NY, offered the following prayer:

Gracious Lord, we thank You today for the gift of life and for all the blessings You have bestowed upon our land and upon us as individuals.

You have honored us in times when we have stood firm for truth and goodness.

And You have not forsaken us in those times when our resolve has weakened and we have failed ourselves and others.

Continue to guide us in our leadership, that we might always strive for justice and equity for all.

We remember today our brothers held hostage in Lebanon and their families. On each of them bestow courage and strength, and in the midst of their ordeal grant them peace.

May the desire for justice and compassion permeate all of our deliberations today, and bring honor and glory to Your name. Amen.

## THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. MONSON. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Chair's approval of the Journal.

The SPEAKER pro tempore. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MONSON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will inform absent Members.

The vote was taken by electronic device, and there were—yeas 192, nays 105, answered "present" 2, not voting 135, as follows:

[Roll No. 314]

## YEAS—192

Ackerman	Gonzalez	Panetta
Akaka	Gray (PA)	Parris
Andrews	Green	Pashayan
Annunzio	Guarini	Pease
Anthony	Hall (OH)	Perkins
Aspin	Hall, Ralph	Petri
AuCoin	Hamilton	Pickle
Barnard	Hammerschmidt	Porter
Barnes	Hansen	Price
Beilenson	Hatcher	Quillen
Bennett	Henry	Rahall
Bereuter	Hertel	Ray
Berman	Hillis	Regula
Boggs	Hopkins	Reid
Boner (TN)	Howard	Robinson
Bonior (MI)	Hoyer	Rodino
Bonker	Hubbard	Roe
Borski	Huckaby	Rowland (GA)
Boucher	Hughes	Roybal
Boxer	Hutto	Sabo
Brooks	Jeffords	Scheuer
Broomfield	Jenkins	Schumer
Brown (CA)	Johnson	Sharp
Broyhill	Jones (OK)	Shelby
Bruce	Jones (TN)	Sisisky
Burton (CA)	Kanjorski	Skeltan
Bustamante	Kastenmeier	Slattery
Byron	Kemp	Smith (FL)
Carper	Kennelly	Smith (IA)
Carr	Kildee	Smith (NE)
Chapman	Kleczka	Smith, Denny
Chappell	Kostmayer	Snyder
Coats	LaFalce	Spratt
Coleman (TX)	Levin (MI)	Staggers
Collins	Levine (CA)	Stallings
Cooper	Lipinski	Stark
Coyne	Long	Stenholm
Crockett	Lowry (WA)	Stratton
Daniel	Lujan	Stump
Darden	Luken	Sweeney
Daschle	Manton	Swift
DeLay	Mazzoli	Synar
Dellums	McCloskey	Tallan
Dorgan (ND)	McHugh	Tauzin
Dowdy	McKinney	Taylor
Downey	McMillan	Thomas (GA)
Duncan	Mica	Torres
Dwyer	Mineta	Udall
Dyson	Mollohan	Valentine
Eckart (OH)	Montgomery	Vander Jagt
Edwards (CA)	Moody	Vento
English	Moore	Visclosky
Erdreich	Morrison (WA)	Volkmer
Fascell	Mrazek	Watkins
Feighan	Murtha	Waxman
Flippo	Myers	Weaver
Foglietta	Natcher	Wheat
Foley	Neal	Whitley
Franklin	Nelson	Whitten
Frost	Nielson	Wortley
Geldenson	Oakar	Wright
Gephardt	Oberstar	Yates
Gilman	Obey	Yatron
Glickman	Olin	Young (MO)

## NAYS—105

Armey	Frenzel	Moorhead
Bartlett	Gallo	Packard
Barton	Gekas	Penny
Bentley	Gingrich	Ridge
Billirakis	Goodling	Roberts
Billiey	Grotberg	Roemer
Boehlert	Gunderson	Rogers
Boulter	Hartnett	Roukema
Brown (CO)	Hendon	Rowland (CT)
Burton (IN)	Hiler	Saxton
Callahan	Holt	Schaefer
Carney	Hunter	Schroeder
Chappie	Hyde	Schuetz
Cheney	Jacobs	Shaw
Clay	Kolbe	Shumway
Cobey	Lagomarsino	Shuster
Coble	Latta	Siljander
Coleman (MO)	Lewis (CA)	Skeen
Combest	Lewis (FL)	Slaughter
Conte	Lightfoot	Smith (NH)
Crane	Livingston	Smith, Robert
Dannemeyer	Lloyd	Snowe
Daub	Lowery (CA)	Spence
Davis	Mack	Stangeland
Dickinson	Marlenee	Strang
DioGuardi	Martin (IL)	Sundquist
Dornan (CA)	Martin (NY)	Swindall
Dreier	McCain	Tauke
Durbin	McCollum	Thomas (CA)
Edwards (OK)	McKernan	Walker
Emerson	Michel	Weber
Evans (IA)	Miller (OH)	Whittaker
Fawell	Mitchell	Wolf
Fiedler	Molinar	Young (AK)
Fields	Monson	Young (FL)

## ANSWERED "PRESENT"—2

Seiberling	Solarz
Addabbo	Gaydos
Alexander	Gibbons
Anderson	Gordon
Applegate	Gradison
Archer	Gray (IL)
Atkins	Gregg
Badham	Hawkins
Bateman	Hayes
Bates	Hefner
Bedell	Heftel
Bevill	Horton
Biaggi	Ireland
Boland	Jones (NC)
Bosco	Kaptur
Breaux	Kasich
Bryant	Kindness
Campbell	Kolter
Chandler	Kramer
Clinger	Lantos
Coelho	Leach (IA)
Conyers	Leath (TX)
Coughlin	Lehman (CA)
Courter	Lehman (FL)
Craig	Leland
de la Garza	Lent
Derrick	Loeffler
DeWine	Lott
Dicks	Lundine
Dingell	Lungren
Dixon	MacKay
Donnelly	Madigan
Dymally	Markey
Early	Martinez
Eckert (NY)	Matsui
Edgar	Mavroules
Evans (IL)	McCandless
Fazio	McCurdy
Fish	McDade
Florio	McEwen
Ford (MI)	McGrath
Ford (TN)	Meyers
Fowler	Mikulski
Frank	Miller (CA)
Fuqua	Miller (WA)
Garcia	Moakley
	Morrison (CT)
	Murphy
	Nichols
	Nowak
	O'Brien
	Ortiz
	Owens
	Oxley
	Pepper
	Pursell
	Rangel
	Richardson
	Rinaldo
	Ritter
	Rose
	Rostenkowski
	Roth
	Rudd
	Russo
	Savage
	Schneider
	Schulze
	Sensenbrenner
	Sikorski
	Smith (NJ)
	Solomon
	St Germain
	Stokes
	Studds
	Torricelli
	Towns
	Traficant
	Traxler
	Vucanovich
	Walgren
	Weiss
	Whitehurst
	Williams
	Wilson
	Wirth
	Wise
	Wolpe
	Wyden
	Wylie
	Zschau

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

□ 1015

So the Journal was approved.

The result of the vote was announced as above recorded.

#### MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment joint resolutions of the House of the following titles:

H.J. Res. 218. Joint resolution to designate the week beginning September 15, 1985, as "National Dental Hygiene Week";

H.J. Res. 229. Joint resolution designating the week beginning September 22, 1985, as "National Adult Day Care Center Week"; and

H.J. Res. 305. Joint resolution to recognize both Peace Corps volunteers and the Peace Corps on the Agency's 25th anniversary, 1985-86.

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 67. Concurrent resolution relating to humanitarian response to the earthquake in Mexico City.

#### REQUEST FOR PERMISSION FOR COMMITTEE ON WAYS AND MEANS TO HAVE UNTIL MIDNIGHT, MONDAY, SEPTEMBER 23, 1985, TO FILE A REPORT ON H.R. 6

Mr. FLIPPO. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight, Monday, September 23, 1985, to file its report on the bill (H.R. 6), the Water Resource Conservation Development and Infrastructure Improvement and Rehabilitation Act of 1985.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Alabama?

Mr. WALKER. Reserving the right to object, I do not know that there is a problem with what the gentleman is attempting to do, but I am informed on our side that we have not cleared this.

I have reserved the right to object to tell the gentleman that it is my understanding from the staff that this may not have been checked with the ranking member at this point, and if the gentleman would withhold until we have at least had a chance to check with the gentleman from Tennessee [Mr. DUNCAN], I do not think there will be a problem, but I would appreciate it if the gentleman would do that.

Mr. FLIPPO. Mr. Speaker, if the gentleman will yield, that is certainly acceptable, but I felt that these are simply the tax provisions of the omnibus water bill. That is all that amounts to.

Mr. WALKER. I thank the gentleman. We will have a clearance in just 1 minute.

Mr. FLIPPO. Mr. Speaker, I withdraw my request.

The SPEAKER pro tempore. The gentleman withdraws his request and may renew it at a later time.

#### REQUEST FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 392, APPROVING THE COMPACT OF FREE ASSOCIATION

Mr. UDALL. Mr. Speaker, I call up the joint resolution (H.J. Res. 392) to approve the "Compact of Free Association," and for other purposes, and ask unanimous consent for its immediate consideration in the House.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

Mr. WALKER. Reserving the right to object, Mr. Speaker, I reserve the right to object and would tell the House that it is my understanding as of a few minutes ago that the administration is vehemently opposed to this legislation in its present form, so therefore, I for one would be reluctant to see it brought to the floor under a unanimous-consent request.

Mr. YOUNG of Alaska. Mr. Speaker, will the gentleman yield to me?

Mr. WALKER. Further reserving the right to object, Mr. Speaker, I am glad to yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. Mr. Speaker, I thank the gentleman for yielding.

I stand in this well or stand here today deeply disappointed. As a working member of the committee that has followed this for approximately 5 years and as one who has gone through 15 hearings and as one who was told that we have to have this compact by this administration because we had negotiated it for 15 years, and now today they did not have the decency to call me nor the chairman nor anyone else until now.

We hear that the Security Council is against this along with NATO, yet they told us that they had to have that compact signed for security purposes.

Mr. WALKER. Let me reclaim my time for a moment. It is my understanding that the Security Council has met on the issue. I am not aware that the Security Council took a particular position. They met on the issue this morning and it is my understanding following that meeting that the ad-

ministration is issuing a position to say the administration is opposed.

Mr. YOUNG of Alaska. Well, Mr. Speaker, if the gentleman will yield further, I can say one thing. As one who has been involved, we are not going to have a compact. There will not be a compact. There will not be a solution to this problem, because they tell me that this is costing more than the original bill. They are full of horse feathers. That is not true.

The bill that came out of that committee is a bill that takes care of the American people and the Micronesian people. It is a bill that gives them security.

Mr. Speaker, I am deeply disappointed, in fact, by the inaction and the reaction of whoever is leading down at the White House on this issue. I can only say if they want a compact, they can forget it right now.

Mr. LEACH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I am glad to yield to the gentleman from Iowa.

Mr. LEACH of Iowa. Mr. Speaker, I just hope that the House understands that the administration is concerned that this particular extra vehicle is not, in their judgment, quite as good as the House-passed bill as a vehicle that was passed a few weeks ago before the recess and that they still strongly do support a compact and they do support arriving at a solution. It is only on the subtleties of this particular package that they have slight marginal reasons to think would be unhelpful.

I personally support this step that is being taken, but I do not think there should be any misunderstanding that the administration does not support arriving at a reasonable compact in a reasonable period of time.

Mr. WALKER. Mr. Speaker, I thank the gentleman for making that observation, because I think that it is an accurate presentation of the situation we find ourselves in.

The administration has pointed out to me, in fact, there is a House-passed bill that rests in the Senate. The Senate does have it within its power to take up that bill and move forward, using that as a premise, where the process can be worked out in a conference committee. That is my understanding of the situation. It is not that the administration does not want a compact. It is the fact that they have reasons for believing that this particular bill, handled in this particular way, is not the appropriate means to arrive at a solution.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. WALKER. Mr. Speaker, under my reservation, I yield to the gentleman from Ohio.

Mr. SEIBERLING. Well, Mr. Speaker, let me ask the gentleman a ques-

tion. Has the administration asked the gentleman from Pennsylvania to object to this unanimous-consent request?

Mr. WALKER. The gentleman from Pennsylvania would tell the gentleman from Ohio that, as I pointed out yesterday, I was somewhat concerned about the process being used. I began to check last evening on what it was that was in this particular provision and what the administration's feelings were on it.

I found that the administration is, in fact, opposed to the bill, which is information we did not have when the bill was brought to the floor yesterday; so this gentleman, on his own volition, intends to object to the bill, having voted against the bill as it passed the House in the first place.

Mr. SEIBERLING. Well, will the gentleman yield further?

Mr. WALKER. I am glad to yield to the gentleman.

Mr. SEIBERLING. Well, I share the absolute bafflement and frustration of the gentleman from Alaska.

The administration had their official representatives meet with us and the people in the other body, the Senators, who are in charge of it over there, and we worked out this substitute to meet their needs.

Mrs. MARTIN of Illinois. Mr. Speaker, I demand regular order. Either there is an objection or there is not; not debate.

Mr. WALKER. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

□ 1030

#### PASSAGE OF COMPACT OF FREE ASSOCIATION

(Mr. SEIBERLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SEIBERLING. Mr. Speaker, I personally have no feelings one way or another about this legislation except for the fact that, as chairman of the subcommittee, I have spent literally years trying to solve the problem which the administration itself has presented to us.

On September 30, the lease on the Kwajalein Missile Base, essential to our nuclear testing program and the SDI, is going to expire. We were told that we must have this legislation by that time.

Now the House passed a bill in July, and as far as we are concerned, if the other body will accept that bill, that is all right. But the other body has some problems and we have worked them out with the leadership over there.

Now we have one Member taking it upon himself, not requested by the administration, that he is going to decide whether we have this legislation or

not in a manner that the other body feels will enable it to get it expedited through that body, and I submit to you that if there are people who are concerned about process, then this is one of the most irresponsible approaches I have ever encountered in my career.

I suggest that we have a committee system and that is the reason we have it, because Members do not have time to deal with every issue in the world.

The SPEAKER pro tempore. The time of the gentleman from Ohio [Mr. SEIBERLING] has expired, and objection is heard.

#### TEMPORARY EXTENSION OF CERTAIN PROGRAMS RELATING TO HOUSING AND COMMUNITY DEVELOPMENT

Mr. GONZALEZ. Mr. Speaker, I ask unanimous consent that the Committee on Banking, Finance, and Urban Affairs be discharged from further consideration of the joint resolution (H.J. Res. 393), to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. MCKINNEY. Mr. Speaker, reserving the right to object, I will not object but would like the chairman of the Housing Subcommittee to explain what we are doing.

Mr. GONZALEZ. Mr. Speaker, will the gentleman yield?

Mr. MCKINNEY. I yield to the gentleman from Texas.

Mr. GONZALEZ. Mr. Speaker, House Joint Resolution 393 provides for a temporary extension of certain programs administered by the Department of Housing and Urban Development relating to the housing and community development programs and for other purposes. All of the authorities of the Secretary of HUD to insure mortgages under the National Housing Act expire at the end of this month. Failure to provide extension of these authorities will mean that the very popular FHA Mortgage Insurance Program will not continue on October 1. Any delay in continuing the Secretary's authority to insure has been heightened this year by the fact that approximately 40 percent of FHA mortgages are handled through the direct endorsement procedure; that is, the originating lender does all of the initial processing and initial commitments and turns the mortgage documents over to HUD for final endorsement at the time of closing on the mortgage. Without continuation of the insuring authorities, many lenders

will be liable for millions of dollars of uninsured mortgage credit.

This joint resolution provides a 45-day extension of the HUD insurance authority in order to permit Congress to complete its work on this year's housing authorization bill which contains the basic authorities to permit the Secretary to continue to operate FHA, as well as numerous other changes in the housing and community development laws. Among those authorities to insure contained in the resolution are the section 203(b) Mortgage Insurance Program, which is the popular FHA Single-Family Mortgage Insurance Program, and the section 235 Homeownership Assistance Program. All of the existing FHA insurance authorities are extended in this resolution.

House Joint Resolution 393 also extends authority for the section 312 Rehabilitation Program for a period of 45 days until November 14, 1985. The resolution would extend the Farmers Home Administration's rural housing programs, which also expire at the end of this month, to November 14, 1985. In addition to the extension of the authority to continue the rural housing programs, the resolution would extend the time within which a community of 10,000 to 20,000 population would be eligible to continue to participate in the FmHA rural housing programs and would also extend the mutual and self-help housing grant loan authority to November 14, 1985.

The flood and crime insurance programs expiring on September 30 would be extended through to November 14, 1985. The entitlement eligibility of certain cities and urban counties under the Community Development Block Grant Program would be temporarily extended until November 14, 1985, and the section 202 interest rate limitation and the Home Mortgage Disclosure Act would be extended through to November 15, 1985.

Mr. Speaker, I would urge my colleagues to give their prompt approval to this resolution.

Mr. MCKINNEY. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 393

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE PROGRAMS.

(a) TITLE I INSURANCE.—Section 2(a) of the National Housing Act is amended by striking out "October 1, 1985" in the first sentence and inserting in lieu thereof "November 15, 1985".

(b) **GENERAL INSURANCE.**—Section 217 of the National Housing Act is amended by striking out "September 30, 1985" and inserting in lieu thereof "November 14, 1985".

(c) **LOW AND MODERATED INCOME HOUSING INSURANCE.**—Section 221(f) of the National Housing Act is amended by striking out "September 30, 1985" in the fifth sentence and inserting in lieu thereof "November 14, 1985".

(d) **SECTION 235 HOMEOWNERSHIP.**—

(1) **ASSISTANCE PAYMENTS AUTHORITY.**—Section 235(h)(1) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "November 14, 1985".

(2) **INSURANCE AUTHORITY.**—Section 235(m) of the National Housing Act is amended by striking out "September 30, 1985" and inserting in lieu thereof "November 14, 1985".

(3) **HOUSING STIMULUS AUTHORITY.**—Section 235(q)(1) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "November 14, 1985".

(e) **CO-INSURANCE.**—

(1) **GENERAL AUTHORITY.**—Section 244(d) of the National Housing Act is amended by striking out "September 30, 1985" and inserting in lieu thereof "November 14, 1985".

(2) **RENTAL REHABILITATION AND DEVELOPMENT PROJECTS.**—Section 244(h) of the National Housing Act is amended by striking out "October 1, 1985" in the last sentence and inserting in lieu thereof "November 15, 1985".

(f) **GRADUATED PAYMENT AND INDEXED MORTGAGE INSURANCE.**—Section 245(a) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "November 14, 1985".

(g) **REINSURANCE CONTRACTS.**—Section 249(a) of the National Housing Act is amended by striking out "September 30, 1985" in the second sentence and inserting in lieu thereof "November 14, 1985".

(h) **ARMED SERVICES HOUSING INSURANCE.**—

(1) **CIVILIAN EMPLOYEES OF ARMED FORCES.**—Section 809(f) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "November 14, 1985".

(2) **DEFENSE HOUSING FOR IMPACTED AREAS.**—Section 810(k) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "November 14, 1985".

(i) **LAND DEVELOPMENT INSURANCE.**—Section 1002(a) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "November 14, 1985".

(j) **GROUP PRACTICE FACILITIES INSURANCE.**—Section 1101(a) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "November 14, 1985".

## SEC. 2. EXTENSION OF REHABILITATION LOAN AUTHORITY.

Section 312(h) of the Housing Act of 1964 is amended—

(1) by striking out "September 30, 1984" and inserting in lieu thereof "November 14, 1985"; and

(2) by striking out "October 1, 1984" and inserting in lieu thereof "November 15, 1985".

## SEC. 3. EXTENSION OF RURAL HOUSING AUTHORITIES.

(a) **RENTAL HOUSING LOAN AUTHORITY.**—Section 515(b)(4) of the Housing Act of 1949 is amended by striking out "September 30,

1985" and inserting in lieu thereof "November 14, 1985".

(b) **RURAL AREA CLASSIFICATION.**—Section 520 of the Housing Act of 1949 is amended by striking out "the end of fiscal year 1985" in the last sentence and inserting in lieu thereof "November 14, 1985".

(c) **MUTUAL AND SELF-HELP HOUSING GRANT AND LOAN AUTHORITY.**—Section 523(f) of the Housing Act of 1949 is amended by striking out "September 30, 1985" and inserting in lieu thereof "November 14, 1985".

## SEC. 4. EXTENSION OF FLOOD AND CRIME INSURANCE PROGRAMS.

(a) **FLOOD INSURANCE.**—

(1) **GENERAL AUTHORITY.**—Section 1319 of the National Flood Insurance Act of 1968 is amended by striking out "September 30, 1985" and inserting in lieu thereof "November 14, 1985".

(2) **EMERGENCY IMPLEMENTATION.**—Section 1336(a) of the National Flood Insurance Act of 1968 is amended by striking out "September 30, 1985" and inserting in lieu thereof "November 14, 1985".

(3) **ESTABLISHMENT OF FLOOD-RISK ZONES.**—Section 1360(a)(2) of the National Flood Insurance Act of 1968 is amended by striking out "September 30, 1985" and inserting in lieu thereof "November 14, 1985".

(b) **CRIME INSURANCE.**—Section 1201(b)(1) of the National Housing Act is amended in the matter preceding subparagraph (A)—

(1) by striking out "parts A, C, and D" and inserting in lieu thereof "part A"; and

(2) by inserting after "1985," the following: "and part C and D shall terminate on November 14, 1985.".

## SEC. 5. MISCELLANEOUS EXTENSIONS.

(a) **COMMUNITY DEVELOPMENT BLOCK GRANT CLASSIFICATIONS.**—

(1) **METROPOLITAN CITY.**—Section 102(a)(4) of the Housing and Community Development Act of 1974 is amended by striking out "for fiscal years 1984 and 1985" in the second sentence and inserting in lieu thereof "through November 14, 1985".

(2) **URBAN COUNTY.**—Section 102(a)(6) of the Housing and Community Development Act of 1974 is amended by striking out "for fiscal years 1984 and 1985" in the second sentence and inserting in lieu thereof "through November 14, 1985".

(b) **SECTION 202 INTEREST RATE LIMITATION.**—Section 223(a)(2) of the Housing and Urban-Rural Recovery Act of 1983 is amended by striking out "October 1, 1984" and inserting in lieu thereof "November 15, 1985".

(c) **HOME MORTGAGE DISCLOSURE ACT OF 1975.**—Section 312 of the Home Mortgage Disclosure Act of 1975 is amended by striking out "October 1, 1985" and inserting in lieu thereof "November 15, 1985".

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

## DISASTER RELIEF FOR THE REPUBLIC OF MEXICO

(Mr. COLEMAN of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COLEMAN of Texas. Mr. Speaker, the first reports are just beginning to filter in about what appears to be one of the most serious natural disasters the Western Hemisphere has ever witnessed. Early yesterday morning, a

devastating earthquake off Mexico's Pacific coast struck the world's most populous urban area, toppling scores of buildings in Mexico City, causing serious damage in at least four States, and leaving thousands dead or injured.

Although the full extent of the tragedy will not be known for some time because of a lack of communications between Mexico and the outside world, it is clear that a disaster of unprecedented magnitude has struck our ally and neighbor.

Mr. Speaker, the United States can and will respond to this tragedy. Today I am introducing a House concurrent resolution calling on the administration to provide all possible funding under the Disaster Relief Act to the people of Mexico. It further calls on the Agency for International Development to provide maximum funding out of its development accounts, and it calls on the President to send an immediate supplemental aid request so it can be attached to the continuing resolution pending in the Senate. Upon consultations with the chairman of the House Appropriations Subcommittee on Foreign Operations and the chairman of the Foreign Affairs Committee, I have determined that this is the fastest way for our Government to provide assistance.

Mr. Speaker, there is much talk in this Chamber about regaining American influence overseas. Our response as a nation to the disaster in Mexico will be a measure of our commitment to being a world leader, and I urge all of my colleagues to join me in sponsoring this resolution.

To the people of Mexico, I say, "La gente de los Estados Unidos si puede ayudar."

## EXPRESSION OF SYMPATHY TO MEXICO

(Mr. DREIER of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DREIER of California. Mr. Speaker, for the past 5 years, I have had the honor of serving as the delegate to the Mexico/United States Interparliamentary Conference.

I take the well this morning simply to extend my sympathy to the victims of yesterday's devastating earthquake, and to let the people of Mexico know that the prayers of the American people are with them.

## ILLEGAL USE OF GOVERNMENT CHAUFFEURS

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, I think many of us were very shocked

today to find out that the Government Accounting Office has come forward with a report showing that three-fifths of Federal officials who got chauffeuring paid for by the taxpayers at the beginning of 1985 were not eligible under the law. That is a tremendous waste in a budget that is running an enormous deficit.

I have written the chairman of the board of this corporation, President Reagan, saying I am sure he is as shocked as many Members are, and I hope that he will take that Accounting Office report and ask those people to reimburse the taxpayers for their illegal use of Government chauffeuring.

I have also asked the President to withdraw the bill that he has sent to the House asking us to increase the number of public officials allowed to travel at taxpayers' expense by 25 percent. I do not think you do that when you are running the kind of debt we have.

I think we need to send another message to the taxpayers, that we are trying to be frugal and not wastrels.

#### DAIRY POLICY

(Mr. OLIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OLIN. Mr. Speaker, the 1985 farm bill will be on the floor today. I would like to call all Members' attention to the dairy title.

We don't have a real big problem in dairy, but for the past 5 years we've been producing more milk than the consumers and the Government need. The problem has gradually been getting worse and needs to be corrected.

Surplus production is now about 5 percent, only 5 extra pounds of milk out of every 100 pounds milked.

We want to be sure not to overreact to a 5-percent problem. The dairy title in the farm bill seems to be much too complicated, expensive, and risky.

I'll be offering an amendment that is simple and effective. It will cost less. It will fix the problem and keep it fixed. It will help us get the budget balanced.

I urge all Members to get acquainted with the dairy proposals. Your vote for a commonsense dairy policy is important.

#### HISPANIC HERITAGE ENRICHES THE UNITED STATES

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN of California. Mr. Speaker, as you know, this week, September 16-20, is Hispanic Heritage Week. I wish to commend our colleagues TOM LANTOS and from the other body our colleague Senator

CLAIBORNE PELL for their initiative in honoring throughout this week one of the richest heritages to every contribute to the great American cultural melting pot.

Mr. Speaker, the culture of the Americas is a remarkable testimony to the richness of human experience. My great State of California owes much of its historical tradition to the Hispanic heritage which so infuses our State's daily life with beauty and cultural vitality. That rich historic inheritance is also alive and well in the substantial number of Americans who proudly identify themselves as Hispanic-Americans, now our largest ethnic subgroup. The Hispanic tradition of family loyalty, hard work, self-reliance, and most importantly family focus on love of God. The Hispanic experience is rooted in deep religious conviction and that is precisely in tune with the most deep-rooted and venerated American values.

It is excellent that this week be dedicated to the recognition of the vibrant and treasured Hispanic element of American life. The United States would not be culturally enriched or as productive as we are without the tremendous vitality of the Hispanic contribution. I salute Hispanic Heritage Week and join my colleagues in honoring our Hispanic brothers and sisters. *Via con Dios.*

Mr. Speaker, in closing, a personal note. Yesterday at the Little Company of Mary Hospital in Torrance, CA, my beloved oldest daughter Robin Marie gave birth to a beautiful healthy 7 pound, 14 ounce baby. My wife Sallie and I now have four wonderful grandchildren to add to our own five. Congratulation to the proud father Gary Griffin. He and my Sallie are at Robin's side and I fly out to join them tonight when, by my desire, I learn the gender and name of my little grandbaby at the moment when I first hold the precious bundle of love in my arms. To be continued, Mr. Speaker.

#### ASSISTANCE TO THE GOVERNMENT OF MEXICO

(Mr. TORRES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TORRES. Mr. Speaker, we are all shaken by the tragic events of late in the Republic of Mexico. My colleagues have taken the floor this morning to talk about this tragedy of high magnitude.

Fortunately, reports that have come in so far indicate that American lives have not been taken, with perhaps a few injuries, and we are to be thankful for that.

However, may I address the serious problem that thousands and thousands of Mexican citizens will be facing who have probably been killed

or injured in this tragedy of high magnitude. Reports are that a third of the city has been devastated and the subway is completely destroyed. And of course the city's infrastructure is non-functional.

Mr. Speaker, I call upon the House of Representatives today to enact emergency authorizing legislation to be able to assist the Government of Mexico with emergency relief as indicated by the kinds of Government agencies that we have. Mr. Speaker, I call upon colleagues here in the House assembled, I call upon my fellow Americans to mobilize their resources, voluntary and otherwise, to assist the Mexican people in their hour of need.

□ 1045

#### INCREASING FOREIGN USE OF MIXED CREDIT FINANCING

(Mrs. JOHNSON asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. JOHNSON. Mr. Speaker, part of a comprehensive response to a large U.S. trade deficit must be to ensure that American exporters can get competitive financing for overseas projects. Our competitors are vigorously supporting from 20 to as much as 40 percent of their exports in the scramble for major international contracts while we support only about 3 percent of those deals.

The increasing foreign use of mixed credits of official financing subsidies has become a major problem for heavy capital-intensive industries such as transportation, aircraft, powerplant construction. The loss of foreign markets threatens jobs provided by thousands of suppliers throughout our Nation.

This problem has been identified by every study of America's competitiveness including the President's Task Force on International Enterprise. It is a serious problem costing current jobs but costing decades of loss, as we cut ourselves out of the rich follow-on market associated with these export sales.

The President's decision to include competitive financing as part of his approach to our current trade problems recognizes the importance of this approach.

In the last session, I proposed a bill on competitive financing and urge you to join me in cosponsoring H.R. 3296, also supported and cosponsored by Representative BONKER, the leader in this mixed credit financing effort.

#### PRESIDENT REAGAN'S REMARKS ON STRATEGIC DEFENSE INITIATIVE

(Mr. FOGLIETTA asked and was given permission to address the House

for 1 minute and to revise and extend his remarks.)

Mr. FOGLIETTA. Mr. Speaker, during his press conference the other night the President equated the strategic defense initiative to a gas mask. Responding to a question about the potentially offensive use of SDI, the President said, "This isn't what we're researching on—or what we're trying to accomplish." The President seems to feel that just because he isn't thinking of SDI in offensive terms, it won't be offensive, that it will be just like a gas mask. But that's not the case. If SDI works, it will be an attacking, offensive system, not a passive one. It won't be the Great Wall of China in space, and wishing it to be that way won't make it so.

And that's the problem with the whole SDI program. It won't be—can't be—what the President or his public relations team wants. What is important is the reality, not the perception. The Soviets won't deal in what we'd like it to be, they'll deal in what it is. Before this body takes another vote on SDI, it had better take the same approach. Before we take another step in funding star wars, we'd better make sure we know the program as it is, not as we'd like it to be.

#### THE INTERNATIONAL JOBS PICTURE

(Mr. ARMEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ARMEY. Mr. Speaker, in the past 5 years, the U.S. economy has created 8 million new jobs; the European economy has scarcely created a job at all. The Japanese have created 200,000 new jobs.

I have to ask then, in what way can we be exporting jobs to Europe and Japan when we are so far ahead in job creation?

I might also address the question of our new status as a debtor nation. The fact is, 8 million new Americans are working. All the Americans who are working are prospering in our thriving economy, and they are going to import more and buy more from Europe than unemployed Europeans can buy from us. That is this new debt we are talking about; it is denominated American dollars, and it is between private citizens, private corporations, and the Europeans, and the Japanese. That is something quite different than an official government debt in Brazil denominated in American dollars used to prop up a failing economy.

The real debt we must be concerned about is the official American Government debt to the American people that exists in the form of our national debt and a continuing year-in, year-out deficit. That is the problem we ought to address, and we ought to address it

with fiscal restraint, not misguided protectionist policies.

#### IMPACT OF ELIMINATING TAX-EXEMPT STATE AND LOCAL BONDS

(Mr. MANTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MANTON. Mr. Speaker, we all support the goal of a simpler and more equitable Federal income tax system. Over the past several years, the Tax Code has become a complex maze of deductions and exemptions, many of which favor only the wealthiest taxpayers. However, as we consider a simpler tax system, we must carefully examine the impact these changes will have on the common goals and needs of our society.

President Reagan's tax reform proposal would eliminate the current tax-exemption on certain revenue bonds issued by State and local governments. These bonds are commonly used to finance residential mortgages, rental housing, student loans, infrastructure repair and many other important and necessary local development projects.

Denying States the ability to issue tax-exempt mortgage revenue bonds would dramatically increase the cost of owning a home for first time buyers. Rents would skyrocket for low-income households when tax-exempt bonds are no longer available to finance the development of rental housing. Eliminating public purpose industrial development bonds would seriously limit the ability of State and local governments to pay for the much needed repair and maintenance of roadways, bridges, sewer systems and waterways.

Mr. Speaker, the Federal Government has a legitimate role in promoting homeownership, providing affordable rental housing for low and moderate-income families and repairing our crumbling infrastructure. Eliminating tax-exempt revenue bonds will seriously jeopardize these worthy goals and we must not let that happen.

#### TWO MORE BUDGET WAIVERS COMING UP TODAY

(Mr. WALKER asked and was given permission to address the House for 1 minute.)

Mr. WALKER. Mr. Speaker, the House, I think, should be aware that we have two more rules coming up before us today, two more budget waivers; twice more we are going to go through the exercise of saying the Budget Act is meaningless, that we do not need to obey it, that we are going to go ahead and spend the money despite what we pledged to do in the Budget Act.

For the American people who are concerned about the deficit, this constant and repetitive source of congressional spending, I think, needs to be focused upon. Here is Congress constantly telling you about the fact that they want to do something about deficits, a Congress that understands the deficit problems we have accumulated at the Federal level are aggravating our trade problems, are aggravating our interest rate problems, are aggravating the entire fiscal calamity of this country, and yet day after day we are voting for rules that simply waive the Budget Act so we can go ahead and spend the money.

I think the American people need to begin to ask Members of Congress who are voting for Budget Act waivers: "Aren't you really a spender?"

#### WILDERNESS—NEVADA COMPROMISE

(Mr. REID asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REID. Mr. Speaker, every piece of legislation has a focal point. That center of attention might involve a way to protect something important to the Nation. It might include the use or preservation of natural resources for a positive purpose. It definitely should be farsighted.

These were just some of the important factors that went into my drafting of the Nevada Wilderness Protection Act of 1985—a truly "conservative" bill that designates 723,000 acres of Nevada lands as wilderness.

My bill is the product of a well-balanced compromise. A bill that meets the needs of many diverse groups while not favoring any one group entirely. It is a bill that was designed to protect and preserve Nevada for all people who should always have the opportunity to enjoy the unique beauty of our State.

As it has been for thousands of years, untouched and unscarred.

Mine is a bill that "changes" nothing. It does not take away roads or create hardships. These areas never did have roads. That's part of what makes them wild—and beautiful.

My bill was drafted with the knowledge that if we don't protect our wilderness areas now we'll lose them forever.

#### THE VEIL IS LIFTED FROM THE SAUDI INTENTIONS

(Mr. SCHUMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHUMER. Mr. Speaker, the veil has finally been lifted from the intentions of the Saudis with the an-

nouncement of their purchase of 48 Tornado aircraft from the British.

All along, when the Saudis asked this country to sell them airplanes they were intended, they said, for defensive purposes. They were intended, they said, to ward off problems in the Persian Gulf. Yet when we look at the details of the British sale of these Tornados to the Saudis, yes, the veil has been ripped from their face. Why?

First, the Tornado is an offensive aircraft with multiple-ejection bomb racks. This is something the United States had refused to sell the Saudis. In fact, our comparable plane, the F-15E is not sold to another single country in the world simply because it is an offensive, not a defensive, weapon.

Even more revealing is where the Saudis are going to station these planes. Will they be stationed around the troubled Persian Gulf? No way. They are going to be stationed at Tebuk, 1,000 miles away from the Persian Gulf but only 120 miles from Israel. What is their purpose when the Saudis come and ask to buy weapons from the United States. Not defending their own country but, rather, preparing for an attack on Israel.

Mr. Speaker, the United States is wise not to sell the Saudis this kind of weapon.

#### LARGEST TRADE DEFICIT DUE TO UNFAIR TRADE PRACTICES AND LACK OF LEADERSHIP

(Ms. OAKAR asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. OAKAR. Mr. Speaker, under President Reagan's policies we have the biggest trade deficit in the history of our country. It is unfair trade practices and the lack of leadership that affect every region of our country. Farmers are affected, textile workers in the South, the high-tech industry, heavy manufacturing. But the trade deficit is also a threat to our national security. Not only are we losing thousands and thousands of jobs, we are losing our capacity to produce, for example, nuts and bolts that go into our defensive weapons.

We are also leaving ourselves vulnerable in this area.

A 1983 Commerce Department study on our country's capacity to produce the nuts and bolts and rivets that hold together every jet plane, every tank, every seagoing vessel, concludes that we cannot provide for our own mobilization needs in the event of war.

I say, Mr. Speaker, that it is time the American people reject this line of thinking and this do-nothing administration.

It is time we demand fair trade, not only for all of our people in the country but for our own national security.

□ 1100

#### ASSISTANCE TO MEXICO FOR SEVERE EARTHQUAKE DAMAGE

(Mr. LEVINE of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVINE of California. Mr. Speaker, as the news reports of the earthquake in Mexico reach all of us, we are all very deeply concerned about the devastation that appears to have occurred in our friendly neighbor to the south.

As somebody whose district is some 100 miles away from the country of Mexico and who has had the privilege of spending quite a bit of time in that country, I know that I am speaking for all of my colleagues when I say that we are deeply concerned about the situation in Mexico and that as a body and on a bipartisan basis we should join together and offer whatever assistance and helping hand we possibly can to alleviate in any way that we can any of the suffering that has occurred.

I know I am speaking for all of my colleagues when I say to the people of Mexico how deeply concerned we are about the extremely difficult situation in which they find themselves, and I know that we will join together to do everything that we can to be of as much assistance as possible.

#### PERMISSION FOR COMMITTEE ON WAYS AND MEANS TO HAVE UNTIL MIDNIGHT, MONDAY, SEPTEMBER 23, 1985, TO FILE REPORT ON H.R. 6, WATER RESOURCES CONSERVATION, DEVELOPMENT AND INFRASTRUCTURE IMPROVEMENT AND REHABILITATION ACT OF 1985

Mrs. KENNELLY. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight, Monday, September 23, 1985, to file its report to accompany the bill H.R. 6, the Water Resources Conservation, Development and Infrastructure Improvement and Rehabilitation Act of 1985.

The SPEAKER pro tempore (Mr. MURTHA). Is there objection to the request of the gentlewoman from Connecticut?

There was no objection.

#### PROVIDING FOR CONSIDERATION OF H.R. 3248, NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES ACT OF 1965 AMENDMENTS

Mr. FROST. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 266 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 266

*Resolved*, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3248) to amend the National Foundation on the Arts and the Humanities Act of 1965, and for other purposes, and the first reading of the bill shall be dispensed with. All points of order against the consideration of the bill for failure to comply with the provisions of section 402(a) of the Congressional Budget Act of 1974 (Public Law 93-344) are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be considered for amendment by titles instead of by sections and each title shall be considered as having been read. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Texas [Mr. FROST] is recognized for 1 hour.

Mr. FROST. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Tennessee [Mr. QUILLEN], pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 266 is an open rule providing for the consideration of H.R. 3248, the Arts, Humanities, and Museums Amendments of 1985 and provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor.

The rule waives all points of order against consideration of the bill for failure to comply with the provisions of section 402(a) of the Congressional Budget Act. Section 402(a) provides that it shall not be in order to consider any bill which authorizes the enactment of new budget authority for a fiscal year unless that bill has been reported by May 15 preceding the beginning of such fiscal year. The Committee on Education and Labor reported H.R. 2245, a bill authorizing the activities of the National Endowment for the Arts and Humanities for fiscal years 1986 through 1989, on May 15 of this year. However, since that bill con-

tained authorization levels of "such sums as necessary," the Committee on Education and Labor subsequently reported a new bill, H.R. 3248, which provides specific authorization levels for fiscal year 1986. It is because H.R. 3248 is the successor bill to a measure reported before the May 15 deadline that the Committee on Rules has recommended the waiver of section 402(a) of the Budget Act in the rule.

The rule also makes in order an amendment in the nature of a substitute reported by the Committee on Education and Labor now printed in the bill as original text for the purpose of amendment under the 5-minute rule and provides that the substitute shall be considered for amendment by titles rather than by sections and that each title shall be considered as having been read.

House Resolution 266 further provides that at the conclusion of the consideration of the bill for amendment, that any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute. Finally, the rule provides that the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except for one motion to recommit with or without instructions.

Mr. Speaker, H.R. 3248 reauthorizes the activities of the National Foundation on the Arts and Humanities for the next 4 fiscal years. The bill provides \$167 million for the National Endowment for the Arts, \$140 million for the National Endowment for the Humanities, and \$22 million for the Institute of Museum Sciences for fiscal year 1986 and such sums as may be necessary for the following 3 fiscal years. Mr. Speaker, this reauthorization reaffirms the commitment of the Congress to the support of the arts and culture in our Nation and I urge adoption of the rule so that the House may proceed to the consideration of H.R. 3248.

Mr. QUILLLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the rule is an open rule, and when it was presented to the Rules Committee, no controversy was indicated. However, in reading the supplementary and additional views, there is controversy, but that can be debated on the floor of the House before final passage.

There is a lot of interest in this measure, contrary to what some of us might think. Nationwide, it is an important measure, and will generate a lot of interest when it is debated on the floor of the House.

Mr. Speaker, I urge adoption of the rule, and at this time, I yield 5 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Speaker, first of all let me read the part of this rule that troubles me.

The rule reads:

All points of order against the consideration of the bill for failure to comply with the provisions of section 402(a) of the Congressional Budget Act of 1974 (Public Law 93-344) are hereby waived.

What does that mean? It means that if you did not put that language in this rule, we could not even bring this bill to the House floor. The spending that is contained in the bill could not even come to the House floor if we were determined to obey what we have committed ourselves to in public law.

We are not talking about a mere, little technicality here; we have committed ourselves in law, in Public Law 93-344, we have committed ourselves to a process around here which we are now waiving with this rule, and that is a problem.

This gentleman is a little tired of hearing the fact that when we create these problems for ourselves it is in fact a "mere technical problem" with this bill. The technical problem here is that the committee reported out a bill in compliance with the Budget Act, and then found out that that bill could not fly, because instead of having specific numbers in it, they had "such sums as may be necessary."

In other words, it was a big spender's bill par excellence, and they knew that coming to the floor that could not fly. So they went back and came up with another bill that they thought could fly.

This particular bill has \$216.8 million in it. We could not even consider that \$216.8 million being authorized on this floor if we did not have this rule. So this rule commits us to a process designed to increase spending by \$216.8 million.

Now that, indeed, is the problem. Again I would say, if it was just this rule that might not be a problem; we are doing this on virtually every rule that comes to the floor. I am not certain we have had a rule since we came back from recess that did not have a Budget Act waiver in it.

The very next rule that we have up today also has a couple of budget waivers in it. We are waiving the Budget Act at virtually every occasion when we bring a piece of legislation to the floor.

I have to question the seriousness of a body about dealing with deficits if the prime disciplinary tool of the body is regularly violated consciously.

□ 1110

And if you do not believe we are consciously doing it, just take a look at the votes. I have gotten record votes on most of these rules that waived the Budget Act. Time and time again, a majority of the Members of this body are lining up and saying the Budget

Act does not matter, waive the Budget Act, go ahead and spend the money.

The question is whether or not they ought not begin to be held accountable for the fact that they are indeed abandoning the very budgetary tool that they all wrapped themselves around just a few weeks ago when they pledged that what we were going to do under the budget was to save \$55 billion of the taxpayers' money.

A lot of people said at that time the Budget Act was a phony. The fact is, it was. But we are showing how phony it was with a process that regularly even abandons that discipline on rule after rule after rule.

So I would suggest that the Members should vote against this rule. Let us force the Education and Labor Committee to come to the floor with a bill on arts and humanities that in fact is in compliance with the Budget Act that was reported by May 15, let us bring out that one. Let us not violate the rules in order to bring another bill to the floor that commits us to spending \$216.8 million. That would be the proper way to proceed, that would be a way that fits within the disciplinary framework that we are going to have to have managed around here if we are ever going to do anything about deficits.

It is time to cut spending. The spenders are finding ways and means all the time to spend taxpayers' money. It is time for it to stop. A place to begin the stopping is with this rule.

Mr. QUILLLEN. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. FROST. Mr. Speaker, I have no requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. MURTHA). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 181, nays 148, not voting 105, as follows:

[Roll No. 315]

YEAS—181

Ackerman	Bellenson	Bryant
Akaka	Berman	Burton (CA)
Andrews	Boggs	Bustamante
Annuzio	Boner (TN)	Byron
Aspin	Bonior (MI)	Carper
AuCoin	Bonker	Carr
Barnes	Borski	Chapman
Bartlett	Boucher	Chappell
Bates	Brooks	Clay
Bedell	Brown (CA)	Coelho

Coleman (TX)	Jeffords	Regula
Collins	Johnson	Reid
Cooper	Jones (OK)	Robinson
Coyne	Jones (TN)	Rodino
Crockett	Kanjorski	Roe
Darden	Kastenmeier	Rose
Daschle	Kemp	Roybal
de la Garza	Kennelly	Sabo
Dellums	Kildee	Scheuer
Dingell	Kleccka	Schneider
Dixon	Kostmayer	Schroeder
Dorgan (ND)	LaFalce	Schumer
Dowdy	Leach (IA)	Sharp
Downey	Levin (MI)	Shelby
Durbin	Levine (CA)	Sisisky
Dwyer	Lightfoot	Slattery
Dyson	Lipinski	Smith (FL)
Eckart (OH)	Long	Smith (IA)
Edwards (CA)	Lowry (WA)	Snowe
Erdreich	Lujan	Snyder
Evans (IA)	Lukens	Solarz
Evans (IL)	Manton	Spratt
Fascell	Markey	Staggers
Feighan	Mazzoli	Stallings
Flippo	McCloskey	Stark
Foglietta	McHugh	Stratton
Foley	McKinney	Swift
Ford (MI)	Mica	Synar
Ford (TN)	Mineta	Tallion
Frost	Mitchell	Tauke
Fuqua	Mollohan	Torres
Gejdenson	Moody	Torricelli
Gephardt	Mrazek	Valentine
Gilman	Murtha	Vento
Glickman	Natcher	Visclosky
Gonzalez	Neal	Volkmer
Goodling	Nelson	Walgren
Gray (PA)	Oakar	Waxman
Green	Oberstar	Weiss
Guarini	Obey	Wheat
Hall (OH)	Olin	Whitley
Hall, Ralph	Panetta	Whitten
Hamilton	Pease	Wilson
Hammerschmidt	Penny	Wirth
Hatcher	Pepper	Wright
Hawkins	Perkins	Yates
Hertel	Pickle	Yatron
Howard	Price	Young (AK)
Hoyer	Quillen	Young (MO)
Huckaby	Rahall	
Jacobs	Ray	

## NAYS—148

Anthony	Edwards (OK)	Martin (IL)
Archer	Emerson	Martin (NY)
Armey	English	McCaig
Barnard	Fawell	McKernan
Barton	Fiedler	McMillan
Bateman	Fields	Michel
Bennett	Fish	Miller (OH)
Bentley	Franklin	Miller (WA)
Bereuter	Frenzel	Moninari
Billakis	Gallo	Monson
Billie	Gekas	Montgomery
Boehlert	Gingrich	Moore
Boulter	Grothberg	Moorhead
Broomfield	Gunderson	Morrison (WA)
Brown (CO)	Hansen	Myers
Broyhill	Hartnett	Nielson
Bruce	Hendon	Packard
Burton (IN)	Henry	Parris
Callahan	Hiler	Pashayan
Carney	Hillis	Petri
Chappie	Holt	Porter
Cheney	Hopkins	Ridge
Coats	Hubbard	Ritter
Cobey	Hughes	Roberts
Coble	Hunter	Roemer
Coleman (MO)	Hutto	Rogers
Combest	Hyde	Roukema
Conte	Jenkins	Rowland (CT)
Coughlin	Kasich	Rowland (GA)
Craig	Kindness	Saxton
Crane	Kolbe	Schaefer
Daniel	Lagomarsino	Schuette
Dannemeyer	Latta	Shaw
Daub	Leath (TX)	Shumway
Davis	Lewis (CA)	Shuster
DeLay	Lewis (FL)	Siljander
Dickinson	Livingston	Skeen
DioGuardi	Lloyd	Skelton
Dornan (CA)	Lowery (CA)	Slaughter
Dreier	Mack	Smith (NE)
Duncan	Madigan	Smith (NH)
Eckert (NY)	Marlenee	Smith, Denny

Smith, Robert	Swindall	Watkins
Spence	Tauzin	Weber
Stangeland	Taylor	Whittaker
Stenholm	Thomas (CA)	Wolf
Strang	Thomas (GA)	Wortley
Stump	Vander Jagt	Young (FL)
Sundquist	Vucanovich	
Sweeney	Walker	

## NOT VOTING—105

Addabbo	Hayes	Nowak
Alexander	Hefner	O'Brien
Anderson	Heftel	Ortiz
Applegate	Horton	Owens
Atkins	Ireland	Oxley
Badham	Jones (NC)	Pursell
Bevill	Kaptur	Rangel
Biaggi	Kolter	Richardson
Boland	Kramer	Rinaldo
Bosco	Lantos	Rostenkowski
Boxer	Lehman (CA)	Roth
Breaux	Lehman (FL)	Rudd
Campbell	Leland	Russo
Chandler	Lent	Savage
Clinger	Loeffler	Schulze
Conyers	Lott	Seiberling
Courter	Lundine	Sensenbrenner
Derrick	Lungren	Sikorski
DeWine	MacKay	Smith (NJ)
Dicks	Martinez	Solomon
Donnelly	Matsui	St Germain
Dymally	Mavroules	Stokes
Early	McCandless	Studds
Edgar	McCollum	Towns
Fazio	McCurdy	Trafficant
Florio	McDade	Traxler
Fowler	McEwen	Udall
Frank	McGrath	Weaver
Garcia	Meyers	Whitehurst
Gaydos	Mikulski	Williams
Gibbons	Miller (CA)	Wise
Gordon	Moakley	Wolpe
Gradison	Morrison (CT)	Wyden
Gray (IL)	Murphy	Wyllie
Gregg	Nichols	Zschau

## □ 1125

The Clerk announced the following pairs:

On this vote:

Ms. MIKULSKI for, with Mr. LOTT against.

Mr. HAYES for, with Mr. McCANDLESS against.

Mr. MOAKLEY for, with Mr. OXLEY against.

Messrs. MCKERNAN, ROWLAND of Georgia, BENNETT, Mrs. ROUKE-MA, Messrs. SKELTON, THOMAS of Georgia, and PASHAYAN changed their votes from "yea" to "nay."

Mr. SMITH of Florida and Mr. ERDREICH changed their votes from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

# REAFFIRMING OUR HISTORIC SOLIDARITY WITH THE PEOPLE OF MEXICO FOLLOWING THE DEVASTATING EARTHQUAKE OF SEPTEMBER 19, 1985

Mr. FASCELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the joint resolution (H.J. Res. 394) reaffirming our historic solidarity with the people of Mexico following the devastating earthquake

of September 19, 1985, and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

Mr. BROOMFIELD. Mr. Speaker, reserving the right to object, I yield to the gentleman from Florida [Mr. FASCELL] for clarification.

Mr. FASCELL. Mr. Speaker, there is a great deal of interest in this resolution concerning the Mexican earthquake. To expedite consideration I would propose that the gentleman from Michigan withdraw his reservation of objection, I will then yield 30 minutes of the 1 hour to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the joint resolution, as follows:

## H.J. RES. 394

Whereas on September 19, 1985, Mexico suffered a devastating earthquake resulting in heavy loss of life and injuries to many of its citizens;

Whereas the United States is both Mexico's neighbor and friend; and

Whereas bonds of family, friendship, and mutual esteem link the peoples of our two nations: Now, therefore be it

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the Government of the United States, on behalf of the citizens of the United States, extends to the people and Government of Mexico our most profound sympathies in this time of tragedy.

SEC. 2. The President should provide all appropriate relief and rehabilitation assistance to help prevent further loss of life, alleviate suffering, and safeguard the public health in Mexico.

SEC. 3. The United States, in consultation with the Government of Mexico, is prepared to cooperate with Mexico in long term efforts to recover from the effects of the earthquake.

The SPEAKER pro tempore. The gentleman from Florida [Mr. FASCELL] is recognized for 1 hour.

Mr. FASCELL. Mr. Speaker, for purposes of debate only, I yield 30 minutes to the gentleman from Michigan [Mr. BROOMFIELD].

Pending that, I yield such time as he may consume to the gentleman from Texas, the distinguished majority leader, Mr. WRIGHT.

Mr. FASCELL. Mr. Speaker, I yield 30 minutes of the 1 hour to the gentleman from Michigan [Mr. BROOMFIELD].

Mr. Speaker, I yield such time as he may consume to the distinguished majority leader, Mr. WRIGHT, who is the principal sponsor of this resolution, and who took the lead in seeing to it that we would have the opportunity

today to express our concern to the Mexican people as well as our willingness to cooperate with Mexico in its efforts to recover from the effects of the earthquake.

□ 1135

Mr. WRIGHT. Mr. Speaker, I think this resolution is a very important statement on the part of the House. I hope that it will become a statement on the part of the Congress. I hope that it will become a statement on the part of the Government and the people of the United States.

A grave disaster has befallen our nearest neighbor. There is a long-standing tradition of mutual help for neighbors. It is as integral a part of the American tradition as apple pie and motherhood. It is inseparable from all that we stand for. In the old days when a neighbor's barn burned down, other neighbors would gather around to supply help to rebuild the barn, to give a setting of eggs, to give a milk cow, to give a calf, to help the family rehabilitate itself.

This is what I think we have the responsibility to do for our closest neighbor in the world. The people in Mexico have become the victims of an enormously hurtful natural disaster. That country has been reeling from economic disaster for several years, since the problems that led to the devaluation of the peso and the inability of Mexico to lift itself by its own bootstraps and sustain the slow economic and institutional recovery which had so tenuously begun following the Mexico revolution in the 1920's. Through the 1930's and the 1940's, their economy was in the doldrums, but in the 1960's it began to move, and in the 1970's there was hope. Oil was the magnet that inspired hope and attracted foreign loans. Too many loans, in fact, some at extortionate rates of interest. Now petroleum prices are on the skids and Mexico's future looks even bleaker. But the staggering debts remain and grow.

The one reason we are inundated in the United States with undocumented workers is because of the severe economic crisis that besets our nearest neighbor, Mexico. I am absolutely convinced that it is not only our moral ethical responsibility, but it is our economic responsibility to ourselves and to our hemisphere to assert in the most unequivocal way our absolute intention to be of the maximum assistance and help to our closest neighbor in this, its moment of severe distress.

There is a 2,000-mile border that joins us. I hope you note that I say "joins us," rather than "separates us." There are more things that unite us with the people of the Republic of Mexico than there are that divide us. Our future, whether we like it or not, is inseparably intertwined with the future of the people of Mexico, so long

denied, so long frustrated in their attempts to bring into 20th-century reality their long-smothered hopes for their children—that they might have a good education, that they might have a decent job, that they might help to rebuild their ancient land, so beautiful and yet so smitten by repeated denial and disaster time and time again.

So I suggest to you that on this day, when the International Monetary Fund has committed what I regard to be a severe error in denying aid and help to the Republic of Mexico and in demanding even more austerity than that country has brought upon its own people, our action may help to cushion the stunning effect of these twin blows—a natural disaster and a judgmental disaster. We in the United States, Mexico's closest neighbors, should be willing to take this unequivocal, affirmative stand and say, "We are ready to do whatever is necessary."

There exists right now a \$95 million appropriation available to the President for his immediate use in helping rehabilitate from this terrible disaster the people of this brave country. We are saying by this resolution that we urge him to use it effectively, quickly, efficiently, and that we are willing to make available such other help as may be necessary for the long-term economic recovery of that neighboring nation. It is not good enough just to loan Mexico the money to pay the interest on the debts that they owe, so that next year they owe greater debts and higher interest. That does not help them.

What we need is real help, real understanding, so that these two nations that share this common border may indeed advance hand in hand and that we may be of material assistance and understanding to the people of Mexico.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. Of course I yield to my friend, the gentleman from Iowa, any time I have remaining. I know that there are others who want to be heard on this subject.

Mr. SMITH of Iowa. I thank the gentleman for yielding.

Mr. Speaker, I subscribe to every word the gentleman says, and especially when he says we have a tradition of help to our neighbors and we have a moral and ethical responsibility to help people who have had a disaster.

But I want to add this to it: The Budget Resolution we passed August 1 here in this House decimated the disaster program for this country—just decimated it. We had a vote in the Committee on Small Business that helped to do it, and that nailed it down. We did that in order to accommodate a \$10 billion increase in military spending. I think it is time we

also revisit the disaster program we have for this country.

Mr. WRIGHT. I agree with the gentleman emphatically. I think charity does begin at home, and then the next place it goes is next door—and the disaster right now is next door.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. WRIGHT. I surely do. I yield to my friend, the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding.

Mr. Speaker, I rise in strong support of the gentleman's comments and ask that my colleagues support this resolution. I commend the distinguished chairman and our ranking member for bringing it up in an expeditious manner.

Mr. Speaker, we are all shocked by the magnitude of the disaster which has occurred in Mexico, even though we are not yet aware of its full dimensions. It is obvious that a great deal of rescue and reconstruction work will have to be done. It is characteristic of this Nation that we come to the aid of neighbors in distress, whether they are across the street or down the road, or whether they are neighbors in a less literal sense. Thus, we feel a moral obligation to help our Mexican neighbors in their hour of trial. We are certain that our President will be generous in administering the broad authority we are granting him today to provide disaster relief to the Mexican people. The program we approve today is in the best traditions of the American people.

Mr. Speaker, I urge my colleagues to support the resolution now under consideration.

Mr. BROOMFIELD. Mr. Speaker, I yield myself such time as I may consume.

I want to compliment the majority leader on his fine statement and also urge the strong support of everyone on this bipartisan resolution.

At no time are we more strongly reminded of our brotherhood with our fellow man than in times of tragic human suffering. Our deepest sympathy goes out to our unfortunate neighbors in Mexico who have just suffered through an awesome natural disaster which has taken thousands of lives, and left many more people injured and homeless.

I know every American has been profoundly moved and saddened by news of this tragedy. But I am just as certain that as the horrifying reports of this disaster have come out, they have strengthened our resolve to offer such appropriate aid and comfort as we can to the devastated victims of this cruel act of nature.

A U.S. Government disaster relief task force has already sprung into action to help promptly identify needs and speed relief supplies to our stricken southern neighbors. This legislation will hopefully help to assure that

the President will have whatever authority may be necessary to expedite U.S. humanitarian assistance to the people of Mexico.

As a cosponsor of this resolution, I strongly urge the House to approve this urgently required measure.

Mr. FASCELL. Mr. Speaker, I yield 5 minutes to the distinguished chairman of the Committee on Agriculture.

Mr. DE LA GARZA. I thank the gentleman for yielding this time to me.

Mr. Speaker, I want to associate myself and echo the words of our distinguished majority leader, the gentleman from Texas [Mr. WRIGHT] and add a further commendation to our colleague, the distinguished chairman of the Committee on Foreign Affairs, the gentleman from Florida [Mr. FASCELL] and the ranking minority member and all the members of the committee.

There is very little that can be added to the eloquent words of the majority leader and I will not attempt to do so except for one brief mention of our American traditional system of assisting our neighbors. I know of no better way to exemplify that than to mention that in 1967 there was a devastating hurricane and flood in my area of south Texas. As I was visiting the small town of Elsa, TX, of which three-fourths was inundated and under water, the mayor of the city asked me, "Before you leave, do not forget to stop by the city hall to see the kids from the high school who are gathering food for the earthquake victims in Nicaragua."

That, I assure my colleagues, is the theme and the tone of what the majority leader said, and it can be no better exemplified than by that act of neighborliness in 1967 by the youngsters of Elsa, TX.

Mr. Chairman, I thank you for your contribution and for the continuation of our effort to work, live and to assist each other when necessary with all of our neighbors, but specifically with our nearest neighbor to the south, the Republic of Mexico.

Mr. BROOMFIELD. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. LAGOMARSINO].

Mr. LAGOMARSINO. Mr. Speaker, I thank the gentleman for yielding this time to me, and I want to commend the chairman of the committee for bringing this resolution before us so promptly. I commend the majority leader, as well as the other cosponsors, for sponsoring it.

There is great concern, I say to my colleagues, on the part of many here in this country who have relatives or friends who either live in Mexico City or who are visiting there. Apparently there has been great loss of life and great property damage.

I think that what the resolution asks for is very appropriate. We should extend help to our good neighbor to

the south, and we should do it in a way that maintains their dignity and do it in a way that is in conjunction with them, not trying to force things on them. I am sure that is the way it is going to be. Our Government has already offered assistance to the Mexican Government, and they are in contact.

Mr. Speaker, I urge my colleagues to strongly support and vote for this resolution.

Mr. FASCELL. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to advise my colleagues that the Department of State has a task force on this earthquake, and that it has been in continuous session for 24 hours, ever since the first word of the earthquake came forward. They are working around the clock and will continue to do so. Communications, we have been told, are difficult, but nevertheless they are being maintained with the Embassy in Mexico City by radio.

The U.S. Embassy has not been unusually damaged. No Americans in that Embassy have been injured. As far as other Americans in Mexico are concerned, every effort is being made to gather information and to help establish communication directly with the concerned families in the United States. In addition to that—and you can imagine the conditions under which they have to work down there in Mexico—American Embassy people are maintaining communications with other diplomatic missions in Mexico concerned about their own citizens. Primarily, we have been consulting very closely with the Mexican officials who have anything to do with this. I can assure the Members, as they can all imagine, that they have plenty to do.

Mr. Speaker, this resolution not only expresses our concern and our solidarity with the people of Mexico, it also urges the President to use the legislative authority which he now has in order to meet short-term needs. And although that represents a considerable amount of money we have no idea at this point what the ultimate needs might be. We do not have a good reckoning of the present extent of the physical damage, much less future requirements for relief and rehabilitation. But for the short term, the President has unused economic support funds available. He has reprogramming authority. He also has some authority under the disaster relief provisions of the Foreign Assistance Act. So there are moneys available for the short term, if that is what it is that the Mexican Government and the Mexican people need. We are in constant touch with the Mexican Government so that we cooperate on the short-term problems resulting from the earthquake.

A longer range problem, as the majority leader has pointed out, is not the immediate death and destruction, as bad as that is; it is the more virulent economic difficulty, that confronts Mexico and the impact that this disaster will have on the Mexican economy.

With the tremendous underemployment and unemployment that exists in Mexico and the other financial problems they have had, there will not only be a real rehabilitation job in the physical sense once the short-term needs in the time of emergency are met, with medical, food, clothing, housing, et cetera, but there will be, and there is now as a matter of fact, an economic emergency on which some serious discussions will have to be held.

Mr. Speaker, I conclude by saying that with respect to the long-term rebuilding and rehabilitation and with respect to the long-term economic needs, that is something that would have to be negotiated out with the Mexican Government, if they seek to do so. Furthermore, depending on the outcome of the negotiations, the President would have to submit legislation to Congress requesting additional authority and funding if he wanted to go beyond the immediate disaster relief that we ask and urge the President to provide.

Mr. Speaker, I reserve the balance of my time.

Mr. BROOMFIELD. Mr. Speaker, I yield 2 minutes to the gentleman from Nebraska [Mr. BEREUTER], a member of the committee.

Mr. BEREUTER. Mr. Speaker, I thank the ranking minority member for yielding me this time.

Mr. Speaker, I want to commend the chairman, the ranking member, and others on the committee who have offered this resolution in the wake of the disaster that has stricken our sister Republic to the south.

We have heard much already from the limited reports coming from Mexico City, about the tremendous damage to that city but apparently this earthquake disaster has struck a large portion of the Republic of Mexico.

This resolution calling for immediate and appropriate assistance to Mexico is entirely appropriate. A few minutes ago, the majority leader used an analogy about neighbors helping neighbors and raising barns in the wake of frontier disasters caused by fires and other catastrophes. That is in the American tradition. That is in the pioneer tradition. It is entirely appropriate then that we extend that kind of helping hand to our neighbor, Mexico.

It occurred to me that the next legislation we will be taking up on this floor is the rule relating to the farm

bill. In it, we are attempting to find solutions to truly disastrous conditions that affect some parts of our country. And a good part of the reason for those conditions is a problem caused by huge surpluses in agricultural commodities. We have, for example, an incredible 190 million metric tons of grain in surplus storage around the world.

I bring this matter up at this time simply to raise the hope and to urge the administration to make maximum use of the horn of plenty that we have by providing such commodities and processed foods to Mexico, to the extent that this kind of assistance would be complementary to Mexico and to the extent that it would not have a negative impact on their own agricultural sector. It is available. It is available in great quantities, and the delivery of this type of assistance, I believe, is something that the American people would approve. And the delivery of this grain and food assistance to Mexico certainly would be of assistance to our hard-pressed farm areas as well. I urge support of this resolution.

Mr. BROOMFIELD. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona [Mr. McCAIN].

Mr. McCAIN. Mr. Speaker, I would like to commend our committee chairman, the gentleman from Florida [Mr. FASCELL], and the gentleman from Michigan [Mr. BROOMFIELD] for their rapid action on this very important resolution. I believe that our administration also deserves some credit. There is a crisis team standing by. There is already in place emergency disaster relief funding, and we indeed are waiting to see if the Government of Mexico requests any aid.

I am convinced that this administration and this body stand ready to provide whatever assistance we can possibly provide in this time of great trial and tragedy for the nation of Mexico.

They are facing two problems. First, there is a short-term problem in the nature of disaster relief, which is indeed very serious. But in the long term the economic impact of this devastating blow to the country of Mexico could be even more severe than is apparent at this time.

I have never been a great fan of the International Monetary Fund, and the fact that the International Monetary Fund chose today to cutoff any interest payments or any additional funding for the country of Mexico reminds one of the story of the banker who waits until it is snowing before evicting the man and his wife and children from their home. If there is such a thing as ill timing, it certainly was the action of the International Monetary Fund to choose today to enact those somewhat draconian measures.

With compassion, with sadness, and with love, the American people, as an international body, as an administra-

tion, and as private citizens throughout this Nation, express their concern and their sympathy and their willingness to aid the people of Mexico in whatever way possible.

Mr. BROOMFIELD. Mr. Speaker, I yield 2 minutes to the gentleman from New Mexico [Mr. SKEEN].

Mr. SKEEN. Mr. Speaker, I thank the gentleman for yielding me this time.

Mr. Speaker, I want to join in this resolution as a cosponsor with the gentleman from Florida [Mr. FASCELL] and with the ranking minority member, and I want to commend them for their prompt attention to this terrible catastrophe. I also want to associate myself with the remarks of the majority leader. It was well said.

There is one aspect of this whole situation that bothers me, because in the past, in the history of Mexico, whenever such an occurrence has taken place, we have tended, as the large nation to the north, to extend our help but to do a lot of talking and a lot of pressing, and so on, along with it. At this time I want to commend our committee and the members who are involved with this for the sensitivity with which they are attempting to offer our help to Mexico, one of the proudest nations in the world.

Those of us who live along the border live side by side with this nation day after day. I have been a lifelong admirer and visitor of that nation and have come to know and love these people as much as I would any person who resides in the United States or anyone else who lives close to us. They have a great deal of pride, they have a great deal of honor, and I think now we are realizing that any help we extend must be done with sensitivity rather than with us talking to them, and pushing, and pressing while we are offering this help. Let us hear from them. What does Mexico need? What does their government need? What do their people need? Let us find out, and let us stand by ready to afford every aspect of help we have at our command and available to us.

Mr. Speaker, I commend those Members who have worked so hard on this, and I yield back the balance of my time.

Mr. FASCELL. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. TORRES].

Mr. TORRES. Mr. Speaker, I thank the gentleman for yielding this time to me, and I simply wish to congratulate the chairman of the Committee on Foreign Affairs and the ranking minority member of the committee as well for the type of action they have taken. I think this measure of concern for the Republic of Mexico and its people at this time is a commendable one.

To be sure, I, too, deplore the IMF action that has taken place just yes-

terday and today to deny this particular Republic the type of assistance it should get from the International Monetary Fund.

As a descendant of Mexicans, I want to say to the people of Mexico that the United States, its people, and its Congress stand ready, as my colleagues have stated, to assist them in their time of need.

Mr. BROWN of California. Mr. Speaker, as we learn the full extent of the devastation caused by yesterday's earthquake in Mexico City, we should heed the warning this tragedy sends to our country.

The Mexican earthquake was a major one, registering 7.8 on the Richter scale, a measurement of ground motion, used to rate the strength of earthquakes. The epicenter of this earthquake, the land area located directly over its center, was 250 miles from Mexico City. However, because of the structure of the underlying crustal plates, which, by the way, is similar to those in Washington and Oregon, the quake traveled the 250 miles to Mexico City. The death toll from this tragedy will undoubtedly reach 1,000 lives or more, and the property damage is expected to reach billions of dollars.

While the occurrence of an earthquake is unavoidable, there are precautions which we can take to reduce the resulting damage. The United States has begun to take the first steps in developing such a program.

In 1977, Congress enacted the Earthquake Hazards Reduction Act, a bill which established a program to research and develop better methods of earthquake hazard prediction, planning, and mitigation. As a result of that law, we have established the National Earthquake Hazards Reduction Program under the leadership of the Federal Emergency Management Agency [FEMA]. That program has developed a research and monitoring program to improve our earthquake prediction capability.

We have developed new engineering and architectural standards which are being used in earthquake-prone areas, such as southern California, to insure that buildings are designed to better survive an earthquake. According to reports regarding yesterday's disaster, much of the damage was centered in the older parts of Mexico City. The older buildings, constructed before the benefit of recent research, had less chance to withstand the impact of the quake. With the construction of our newer buildings based on seismic safety codes, we can better protect our cities from such extensive damage.

Developing earthquake monitoring techniques can have a great potential for reducing damage and loss of life. Earlier this year, the U.S. Geological Survey issued its first earthquake forecast, for Parkfield, CA. This is an exciting first step in our forecasting system, but signifies how far we still have to go before a comprehensive system of prediction is developed.

To measure the need for the National Earthquake Hazards Reduction Program,

we should compare the early damage estimates from yesterday's disaster in Mexico, with the estimated damages if a major earthquake occurred in southern California. The damage from a very large Californian earthquake, which has been projected to occur sometime within the next three to five decades, could be much more extensive. A large earthquake in the Los Angeles or San Francisco area could cause up to \$50 billion in damages and result in 10,000 to 20,000 casualties.

While southern California is certainly considered a "hot spot" for a possible major earthquake, it is not the only area where one could occur. In 1964, a quake similar in strength to yesterday's took place in Alaska, causing extensive damage to Anchorage. Areas in Oregon, Washington, Utah, Nevada, the Mississippi valley, and elsewhere are also under study.

Last week, September 17, 1985, the House of Representatives approved final passage of a 2-year authorization for our National Earthquake Hazards Reduction Program. This includes \$35.6 million for the U.S. Geological Survey, \$5.6 million for the FEMA, \$27.8 million for research at the National Science Foundation, and \$500,000 for the National Bureau of Standards. I encourage my colleagues to give the fiscal year 1986 appropriations for these programs the same vital support when they come before the House for final passage.

The loss of lives and the expense of a major earthquake, wherever it occurs, will affect the entire country. The need for an effective National Earthquake Hazard Reductions Program is in the national interest, and should be considered a national priority, today. It will be too late once a major earthquake strikes.

Mr. Speaker, may I conclude this statement by making a strong plea for a generous and humanitarian response by the people and the Government of the United States to the tragedy in Mexico City. More than 100,000 of my constituents have ties of blood and culture to the people of Mexico. I know that they will respond generously to this crisis. But all of us must join in this hour of suffering that afflicts our neighbor to the south.

Mr. BUSTAMANTE. Mr. Speaker, I wish to express my concern and sympathy to the Government and people of Mexico during this time of national emergency. As Mexican officials take stock of the damage from yesterday's devastating earthquake, I am sure that all of us will commit ourselves to extending our sympathy to our southern neighbor. We should be willing to offer whatever resources we possess in the reconstruction effort.

I wish to commend the administration for its offer of immediate and appropriate assistance. All of us in this Chamber should understand the cruelty of the timing of this tragedy. Some weeks ago, President De La Madrid delivered his report to the Mexican Congress on the state of the nation. His thoughts and actions indicated a willingness to make the sacrifices necessary to put Mexico back on its feet economically. Now Mexico must face the addi-

tional burden of having to rebuild much of the foundation on which recovery was to have been based.

Our two countries share many common ties. We face many of the same problems. As a friend and neighbor, we should be prepared to share the pain that Mexico will feel as it attempts to recover from this calamity. Thank you, Mr. Speaker.

Mr. BROOMFIELD. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. FASCELL. Mr. Speaker, I yield back the balance of my time.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

□ 1200

#### GENERAL LEAVE

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the joint resolution just agreed to.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

#### PERMISSION FOR COMMITTEE ON FOREIGN AFFAIRS TO FILE REPORT ON H.R. 3166, REAUTHORIZATION OF OPIC

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have until midnight tonight to file a report on H.R. 3166, the reauthorization of OPIC.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

#### PROVIDING FOR CONSIDERATION OF H.R. 2100, FOOD SECURITY ACT OF 1985

Mr. BONIOR of Michigan. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 267 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 267

*Resolved*, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, and the first reading of the bill shall be dis-

pensed with. All points of order against the consideration of the bill for failure to comply with the provisions of clause 2(1)(6) of rule XI and sections 303(a) and 402(a) of the Congressional Budget Act of 1974 (Public Law 93-344) are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed two and one-half hours, two hours to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, and thirty minutes to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Agriculture now printed in the bill, as modified by the amendments recommended by the Committee on Merchant Marine and Fisheries now printed in the bill, as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be considered for amendment by titles instead of by sections, and each title shall be considered as having been read. All points of order against said substitute for failure to comply with the provisions of sections 303(a) and 401(a) of the Congressional Budget Act of 1974 (Public Law 93-344), and with the provisions of clauses 5(a) and 5(b) of rule XXI, are hereby waived. No amendment to the bill or to the substitute made in order by this resolution shall be in order except amendments printed in the Congressional Record on or before September 24, 1985, and except an amendment offered by the chairman of the Committee on Agriculture or his designee to strike out section 1141 of the substitute, as incorporated into the substitute by this resolution, and to insert the text of section 1141 of the substitute as reported by the Committee on Agriculture. All points of order against the following amendments for failure to comply with the provisions of section 303(a) of the Congressional Budget Act of 1974 (Public Law 93-344) are hereby waived: (1) an amendment by, and if offered by, Representative Volkmer of Missouri; and (2) an amendment in the nature of a substitute by, and if offered by, Representative Alexander of Arkansas. All points of order against an amendment by, and if offered by, Representative Evans of Iowa for failure to comply with the provisions of clause 5(b) of rule XXI are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the amendment in the nature of a substitute made in order by this resolution. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Michigan [Mr. BONIOR] is recognized for 1 hour.

Mr. BONIOR of Michigan. Mr. Speaker, for the purposes of debate only, I yield 30 minutes to the gentleman from Tennessee [Mr. QUILLEN],

pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 267 is an open rule providing for consideration of H.R. 2100, the Food Security Act of 1985. The rule provides for 2½ hours of general debate; 2 hours to be equally divided between the chairman and ranking minority member of the Committee on Agriculture; and one-half hour to be equally divided between the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries.

H.R. 2100 was reported by the Committee on Agriculture on September 13 and then sequentially referred to the Committee on Merchant Marine and Fisheries. The Merchant Marine Committee reported out the bill with several amendments to the version reported by the Agriculture Committee. The rule makes in order, as original text for the purposes of amendment, the Agriculture Committee amendment in the nature of a substitute, as modified by the amendments recommended by the Merchant Marine Committee. The rule provides that the substitute made in order under the rule will be considered by titles, instead of by sections, and each title will be considered as read.

This is an open rule, allowing any germane amendments not otherwise subject to another point of order to be offered under the 5-minute rule. The rule requires that all amendments to the bill be printed in the CONGRESSIONAL RECORD on or before Tuesday, September 24. The Rules Committee feels that this requirement was necessary to expedite consideration of this complex legislation as well as to facilitate the evaluation of each amendment's potential budgetary impact. The sole exception to the printing requirement is an amendment offered by the chairman of the Committee on Agriculture or his designee, to strike out section 1141 of the substitute made in order under the rule and to insert section 1141 as recommended by the Committee on Agriculture. Members should be sure that their amendments are drafted to the Union Calendar version of H.R. 2100.

All points of order against consideration of this bill for failure to comply with clause 2(L)(6) of rule XI, the 3-day layover for committee reports, are waived. This is necessary because the printed copy of the report from the Merchant Marine Committee has not been available to Members for the required 3 days.

The rule also waives all points of order against the bill for failure to comply with section 303(a) of the Congressional Budget Act. This section prohibits consideration of new spending authority that will become effective in a fiscal year, until the first budget resolution for that year has been adopted. This waiver is necessary

because H.R. 2100 is an omnibus bill designed to reauthorize and redefine the Nation's agricultural policy for the next 5 years. The bill, therefore, sets target prices and price supports for certain commodities involving new spending authority beyond fiscal year 1986. The rule also waives section 303(a) against the substitute made in order under the rule for the same reasons.

The rule provides a waiver of section 402(a) of the Congressional Budget Act against consideration of the bill. This section prohibits the consideration of authorizing legislation not reported prior to May 15.

Points of order are also waived against the substitute for failure to comply with section 401(a) of the Congressional Budget Act. This section prohibits consideration of measures which contain contract or borrowing authority unless such authority is limited to amounts stipulated in appropriations acts. The Agriculture Committee will offer an amendment to make the contract authority in the bill subject to subsequent appropriations. This will cure the 401(a) violation.

The rule provides waivers of clauses 5(a) and 5(b) of rule XXI against the substitute. Clause 5(a) of rule XXI prohibits appropriations in a legislative bill. Clause 5(b) prohibits tax and tariff provisions in a measure not reported by a committee with jurisdiction over revenue matters.

Finally, the rule waives points of order against three specific amendments. All points of order for failure to comply with section 303(a) of the Congressional Budget Act are waived against: First, an amendment by Representative VOLKMER of Missouri; and second, an amendment in the nature of a substitute by Representative ALEXANDER of Arkansas. These waivers are necessary because these amendments will provide new spending authority prior to the adoption of the first budget resolution of the fiscal year in which that spending authority will go into effect.

Points of order for failure to comply with provisions of clause 5(b) of rule XXI are waived against an amendment by Representative EVANS of Iowa. This waiver is necessary because the Evans amendment contains tariff provisions to be offered to a bill not reported by a committee with jurisdiction over revenue measures.

Mr. Speaker, the rule provides for one motion to recommit with or without instructions.

H.R. 2100, the omnibus farm bill of 1985, will extend and revise Federal agricultural programs for the next 5 fiscal years. It provides for agricultural price supports and related programs, for exports, resource conservation, farm credit and agricultural research. In addition, it extends and improves food assistance to low-income

persons, and expands consumer nutrition programs.

Congress has not enacted major revisions in our agricultural programs since we last passed a 4-year authorization in 1981. Since that time much has changed.

Today, our Nation's farmers are in crisis. The value of farmland has plummeted so drastically that the losses rival those of the Great Depression. Farm income will drop this year. Commodity prices have declined. Agricultural exports are down. Every sector of the agricultural industry is feeling the strain. And when America's farmers suffer, we all suffer.

Agriculture is our Nation's largest industry and the backbone of our economy. Farmers have given much to this Nation. In most cases, the problems they are facing are a result of factors far beyond their control. Our Nation is in urgent need of legislation to address this crisis. I hope my colleagues will proceed to timely consideration of this bill.

I would like to emphasize two things in closing. First, this is an open rule. Second, Members must have their amendments printed in the CONGRESSIONAL RECORD on or before September 24.

Mr. Speaker, I urge the adoption of the rule and yield to the gentleman from Tennessee [Mr. QUILLEN] for the purpose of debate.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may use.

Mr. QUILLEN. Mr. Speaker, needless to say, this is a complicated rule, but one which I feel is necessary to order to pass a meaningful piece of farm legislation.

The Rules Committee acted responsibly in the debate on the cargo preference legislation and made in order the Merchant Marine and Fisheries Committee language as the original text for the purpose of amendment. Should the Agriculture Committee decide to amend that language it is their responsibility and they will have to take the lead.

As I said, the Rules Committee acted responsibly in making the Merchant Marine Committee language the original text.

The bill contains many, many good provisions for our farm program. We know in America the farm program is in disarray. The farmers need help, great help; so this is the time to get the bill on the floor of the House for full debate.

The bill also contains a very worthwhile dairy provision that should be embraced without change.

I could go on and on about the qualities of the bill itself, but it will be fully debated on the floor.

In the Rules Committee, I advocated a time limit on the amending process under the 5-minute rule. The last time

the farm bill was on the floor of the House it took 6 full days. How complicated this bill will be, I do not know and I do not know how long it will take. I recall that for our foreign aid bill, the Rules Committee set a time of 10 hours under the 5-minute rule and the rule passed. I think it saved some time. Foreign aid is always a complicated situation, as is this agriculture measure. But in this case we have a wide open rule with no time limitation on amendments.

We need to get down to the business of debate and pass it because our farmers and dairymen all need help.

Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. MADIGAN].

Mr. MADIGAN. Mr. Speaker, we come to consider reauthorization of farm program legislation at a time when American farmers are undergoing the most severe economic pressure in 50 years. Interest rates remain too high; credit availability is uncertain; land values continue to erode; and crop prices are too low. American agriculture needs help, and it was with that in mind that my colleagues and I on the Agriculture Committee began over a year ago working toward shaping a farm policy that could respond to that need.

We were not working in a vacuum, however. The continued growth of the Federal deficit, which has been a contributing factor to the worsening financial situation of farmers, has moved Congress and the administration to undertake a serious effort to bring Government red ink under control. Every sector of Federal spending has been forced to accept budget reductions contributing to the overall budget savings. In the Agriculture Committee, the Congressional Budget Resolution required that we cut expenditures for the next 3 years by \$7.9 billion below the current services baseline.

I must commend my colleagues and especially our chairman for the diligent and serious way the committee accepted its responsibility and carried out its arduous task. Committed to the goal of preserving income assistance for the hard-pressed farmer, the committee, with much soul searching, managed to piece together the cuts necessary to satisfy the requirements of the budget resolution. In the end, to a very large degree, we were able to maintain the level of direct income protection for the producer.

Unfortunately, during the 11th hour of committee deliberations an amendment was adopted by a narrow majority that cast a dark shadow over the committee's previous work. The so-called Bedell amendment, if implemented, would make changes in American agriculture so radical that no one can even predict the ultimate consequences. The program is touted as vol-

untary but is in fact a no-choice program for the vast majority of American farmers. Unless a farmer participates he is prohibited, under penalty of law, from selling his grain for domestic consumption. To participate means, according to our best calculations, a typical farmer will be forced to set aside up to 40 percent of his corn acreage and 50 percent of his wheat acreage. This program will force economic suicide upon many American farmers.

When an identical Bedell amendment was offered as an amendment to the wheat and feed grain titles earlier in the markup, the committee overwhelmingly defeated it. Somehow a narrow majority of the committee reasoned that what was bad policy for Congress to take responsibility for was good policy for American farmers to take responsibility for. Such reasoning, if it can be called that, is a sham and plays a cruel hoax upon farmers desperate for help. On one hand, this amendment holds out a few pennies per bushel in price for grain in one hand while in the other hand is the sledge hammer of massive set-aside requirements, unprecedented Government intrusion, and control over farm decisionmaking and unpredictable disruption and even destruction of markets. In addition, it is reasonable to assume that many producers will be unable to adopt to the changes and will simply be forced out of business.

#### SPECIFIC RAMIFICATIONS OF "BEDELL"

For the grain farmers, who are supposed to receive the benefit from this mandatory control scheme, the existence of uncontrolled competing commodities would ensure the erosion of traditional markets as the artificially priced grains were displaced by freely traded commodities. Other existing markets would be severely threatened or disappear altogether. Ethanol refined from corn already receives Government subsidies to keep its price competitive; artificially high corn prices would effectively eliminate that market for corn. Five percent of the wheat crop is currently fed to animals. Under mandatory controls wheat could not remain competitive as animal feed, eliminating a share of the market. Corn sweeteners maintain a fragile economic balance with competing sweeteners; artificially set prices jeopardize the hitherto growing sweetener market for feed grain farmers. Corn gluten feeds have recently made inroads into the cattle feeding market; any price advantage would be instantly lost with the introduction of mandatory controls.

As wheat and feed grains lost their position in more and more markets, inexorable pressure would amount for the Secretary of Agriculture to balance supply and demand by increasing the mandatory set-asides on the grain crops. As early as 1987, set-asides for

corn are estimated to be 40 percent or higher and over 50 percent for wheat. With the mandated price only a few cents above the present target price, mounting set-asides would rapidly eat up any initial income advantage with the farmer's income actually dropping below current levels as this process continues.

The inherent instability in a mandatory scheme that does not control all commodities would wreak further havoc on the farmer. Initially, farmers would move all possible acreage into the program to get a higher loan rate, at great cost to the Government. As the Secretary was forced to withdraw more and more land from production to balance supply and demand, farm income from the controlled commodities would fall. Farmers could then be expected to move their production into and out of the uncontrolled commodities, seeking a more profitable crop. These large shifts of production in and out of corn, wheat, soybeans, and other crops would produce instabilities that would frustrate Government efforts to balance supply and demand in the controlled commodities and leave farmers constantly scrambling after a higher income.

These mandatory controls would pit commodity against commodity and farmer against farmer, driving many of them out of agriculture. Nowhere would this problem be greater than in the livestock industry. Any producer of pork, beef, poultry or dairy products who buys feed for his livestock would be hit with higher feed costs. This would occur at a time when red meat consumption is falling and meat prices are at historic lows. For example, estimates indicate that this program could cause producers to lose an additional \$50 to \$100 per animal on cattle that are already losing money. Hog and poultry producers would be similarly affected.

By contrast, meat producers who grow their own feed will not be forced to reduce production or pay an artificially set price for feed. These on-farm meat and dairy feeders would be handed and overwhelming competitive advantage in a shrinking market. In effect, the power of the Government would be used to select which farmers are allowed to stay in production and which would be bankrupted.

The artificial price levels in the mandatory program would effectively end American competitiveness in world markets for wheat and feed grains. As the historical examples clearly indicate, once markets are forfeited, as with recent embargoes, foreign competitors are encouraged to expand production, making it almost impossible to recover markets once they are lost. In the River Plate region of Argentina, Paraguay, and Uruguay there are an estimated 215 million

acres of very fertile land that are waiting to be plowed. This estimate does not include any of the huge tracts of Brazil that have yet to be cropped. Once production from that acreage enters the world market, American farmers would face further world surplus production if the United States attempted to reenter the market.

Proponents of the mandatory control program insist that the Federal Government would subsidize grain shipments by paying the difference between the artificially set domestic price and the world price. In this way, they argue, the American position in world markets would be protected. The massive export subsidies that would be required to accomplish this would amount to between \$5.5 and \$7.4 billion per year over the life of the program. These figures do not include the hundreds of millions of dollars in cargo preference charges that the subsidized exports might very possibly incur.

Additionally, the international ramifications of export subsidies on this scale would undercut both the congressional and administration arguments for fair trade. If such a subsidy became a major factor in opening up a trade war, one of the first and largest casualties would be agriculture, particularly the export of soybeans and corn gluten feed to the European Economic Community. Once again, supposedly to benefit some farmers, Government action would penalize farmers in all other sectors of agriculture.

On the other side of world trade, the artificially high prices for wheat and feed grains would encourage attempts to import grain, grain products and products directly affected by higher grain prices. The endless series of efforts to evade American import quotas and restrictions that have occurred with the sugar program would reoccur on a much larger scale with a mandatory control grain program. The protections now provided under section 22 authority appear inadequate to meet this problem.

#### SUMMARY

The mandatory control plan in the Bedell amendment is bad for agriculture. It would drive some producers out of business and threaten the continued existence of others. The grain farmers who the controls are intended to help would find their income actually declining under this proposal at a time when they already have their backs to the wall. For the longer term, this attempt to reject the economic realities of the international market can only lead to a shrinking agriculture sector with fewer and fewer farmers and devastating consequences for an already hard pressed rural and small town America.

The surrender of individual control to the Government, while superficially attractive to some, is perhaps the most

dangerous idea of all. If today the Government can forbid the sale of a farmer's own grain without its permission, what will the Government demand of the farmer tomorrow? Once we start down that path, it may be very difficult to turn back.

I had hoped to support H.R. 2100. I still hope that at the end of floor consideration the House will pass a responsible farm bill. Agriculture producers and the Nation need it. However, if the Bedell amendment is not stricken from this bill, I will be forced to vote against it.

□ 1215

Mr. BONIOR of Michigan. Mr. Speaker, I yield 3 minutes to the distinguished gentleman from Virginia [Mr. OLIN].

Mr. OLIN. Mr. Speaker, I rise in support of the rule. We need certainly to adopt a new farm bill. We also need an open rule and plenty of time to debate so that we can consider ideas for improving and perfecting the farm bill.

So I urge all of the Members to vote in favor of this rule today.

When the time comes, I will be offering an amendment to the dairy title of the bill. Our problem in dairy is serious, but not too complicated. For the last 5 or 6 years, we have been running a growing surplus of milk production.

My amendment would deal with that problem in a very simply way. We would gradually adjust the Federal purchase price support level, gradually down to the point where supply and demand come more in balance.

We got into trouble in the late 1970's when we raised an edict for a rather drastic increase in the support price level. By 1980, our surpluses were up to 8 billion pounds a year. In the 1981 farm bill, we did not correct that situation. It got as bad as 10 billion pounds by 1983.

For 35 years before that, we found that if you can adjust the price support level to where it is only marginally profitable to sell products to the Government that you reach an equilibrium that is very satisfactory to the farmers and does not give you much surplus. That is all we need to do.

I understand we have had about seven different bills relating to dairy in the last 5 years, since 1981. The last one had a 15-month diversion program in it under which we taxed all farmers to pay some farmers to reduce their production. It is the first time we had ever done that in dairy and never needed to do it.

What happened? Production did go down some, but consumption increased. And since the program went off in April of this year, production has jumped right back up and we are now producing more milk than we ever did before.

As it worked out, 20 percent of the farmers got paid for reducing their

milk production. The other 80 percent paid the bill. The 20 percent got well paid. One congressional district had 37 farms who participated and got \$400,000 each. In one State, three farms shared \$4.6 million in that diversion program. The top payment to one farm was \$2.8 million.

Under the committee bill, we would come into the diversion program probably every year, paying some farmers to lower their production while at the same time holding price supports high and encouraging all of the rest to produce more. We do not need to have a payout program of this nature. The problem is not that complex.

I urge all Members to vote in support of the rule so that the amendment can be made in order, and I urge all of you to consider the dairy subject seriously and vote for my amendment when it comes time.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from Louisiana [Mr. MOORE].

Mr. MOORE. Mr. Speaker, I thank the gentleman for yielding.

The farm bill we are about to explore is entitled "The Food Security Act of 1985." That is an appropriate name.

Our capacity for self-reliance in the production of our own food and fiber is vital to the protection of this Nation, just as vital as the security of our borders from military attack.

If your underbelly is soft and unprotected, history tells us there is always somebody there ready to kick it.

Well, Mr. Speaker, agriculture is vulnerable today. It is time we stood up to our responsibilities of food security.

American agriculture was once fence-row-to-fence-row abundance. Hard work was rewarded by reasonable market prices.

Forces largely beyond the control of the farmers caused prices to begin to plummet, farm foreclosures to be rampant, and fear to overtake orderly planning of next year's crop and finances.

As we look to this rule, and more importantly to the Food Security Act itself, I think of the three problems predominantly told to me in my travels across Louisiana in talking to farmers, livestock producers, and dairymen.

First, unprofitability, so we must restore farm income so that farmers can pull themselves out of debt and turn a profit. And farms that have been in families for generations can continue to be passed on because they are profitable.

Second, the strong link Farm Credit System which is vital to providing credit for our farmers for such things as planting, and equipment purchases. So we must address the system's prices and get with it.

Third, sagging exports, which are a vital link in the revitalization of the

farm economy which has been affected by foreign competition that in many instances is subsidized along with high interest rates, low commodity prices, and uncertain financing.

So we must boost agricultural exports, not only to expand markets and increase sales to aid farmers, but to reverse the trend of our record trade deficit.

I ask each of you to judge this measure by its response to the needs of your States, and as I have, and will be doing on important provisions, to look at those dealing with dairy, sugar, cotton, rice, soybeans, and livestock. We can weigh these provisions and draw a framework which provides new challenge to the individual segments, but we have to keep in mind our overall goal, that which I started out emphasizing: food security, for it is the farmers, the livestock producers, and the dairymen, the grassroots of this country, that have set the standards that have shown us how to be self-reliant.

The agricultural industry is facing its greatest challenge in recent years. Let us provide it with direction, encouragement, and a farm bill that sends the correct signal to our farmers. Let us send the signal that we understand their problems, and let us send the signal that we appreciate their contributions to making this country grow and prosper.

Mr. QUILLEN. Mr. Speaker, I yield 6 minutes to the gentleman from Kansas [Mr. ROBERTS].

Mr. ROBERTS. Mr. Speaker, I rise in opposition to the rule. I oppose this rule very reluctantly.

The American farmer has been waiting on a farm bill for over 9 months now, and I certainly do not want to do anything to slow down the process in regard to passing a farm bill. However, I must oppose the rule because the rule we are considering today is unfair to the committee and to the American farmer.

Mr. Speaker, we have all become acquainted recently with the "level playing field" argument, or the lack thereof in discussing foreign trade. I am here to state that in my opinion, the Agriculture Committee will not be playing on a level playing field as it relates to the House's consideration of the 1985 farm bill, because of the manner in which the Rules Committee treated an amendment which we inserted in the bill, and it concerns farm exports and cargo preference.

Now, the Agriculture Committee has long, but reluctantly, conceded that the 31-year-old 1954 Cargo Preference Act, requiring that 50 percent of all Government-impelled shipments be made in U.S.-flag vessels, that this act applied to noncommercial agricultural exports shipped under such Federal food aid programs as Public Law 480, our Food for Peace Program, and sec-

tion 416 of our Overseas Relief Program. These are programs essentially foreign aid in nature.

However, on February 21 of this year in the case of Transportation Institute et al. versus Dole in the U.S. District Court for the District of Columbia, brought by maritime interests against the Department of Transportation, it was held that the Blended Credit Export Program was also subject to the Cargo Preference Act. And as a result, the Department of Agriculture suspended the Blended Credit Program this February, and shipments involving over 3.5 million metric tons of U.S. grain valued at over \$500 million were not made.

Not only were these shipments not made, but that means our export picture was much more bleak. That means the surplus stays the same. That means the price at the country elevator of the farmer goes down or stays the same.

But the action of the maritime interests gave them an empty victory, because the blended credit shipments were suspended, and they realized no advantage from their suit, but in fact, hurt maritime interests at port facilities. But more importantly, it devastated farm exports that were suffering from a hard dollar and competing foreign subsidies.

We made cargo preference apply to farm export programs, but we shipped no cargo, so the maritime interests got an issue, not a bill.

Now the court case has been appealed to a U.S. Circuit Court of Appeals. A resolution of the matter in the courts, however, may be delayed for years.

Because of the importance and urgency of the matter, the gentleman from Oklahoma [Mr. ENGLISH], my good friend and colleague, and I decided to introduce legislation that would clarify the situation surrounding commercial agricultural exports by amending the Commodity Credit Corporation Charter Act that is within the Agriculture Committee's jurisdiction, in our jurisdiction. By so doing, we continued the application of the Cargo Preference Act to foreign aid shipments, but exempted our commercial sales such as those under the Blended Credit Program. H.R. 1612 was referred to the Committees on Agriculture, Foreign Affairs, and Merchant Marine and Fisheries.

Now, the farm bill, H.R. 2100, is about Ivory soap pure within the jurisdiction of the Committee on Agriculture. Accordingly, common courtesy and House precedence would appear to clearly dictate that the Committee on Merchant Marine and Fisheries would be given the opportunity in the course of the consideration of H.R. 2100 in the Committee of the Whole to offer their amendment to section 1141. But

instead, the Rules Committee took our amendment out and put theirs in.

It is always more difficult, I would say to my colleagues, to take a bull out of the pasture and to put him back in.

But the rule adopted by the Rules Committee is, I submit, a direct assault also as it relates to pure agricultural commercial exports. Accordingly, it should be rejected by the House.

I will vote against the rule reluctantly, because my farmers in Kansas are waiting patiently for a farm bill to be passed so that they can plant next year's crop. We are planting the seed in the ground as of right now.

But what is more important is that my colleagues in the House help us in farm country remove our farm exports from the heavy yoke placed on our backs by the maritime interests who prevailed in their court case involving blended credit. We cannot wait for years to have the courts to resolve this issue. It must be resolved in this legislation.

Therefore, no matter what the outcome on the vote on this rule, I urge your support for the Roberts-English amendment that will be offered to section 1141 to exempt commercial farm export programs. We did not want this fight with cargo preference, I would say to my colleagues. I have no greater respect for any other person in this entire body than the gentleman from North Carolina, WALTER JONES, my good friend, who serves both on the Merchant Marine and Fisheries Committee and also on the Agriculture Committee. But we did not bring the court case either. We were working on a compromise until both interests walked away from the table when the ugly head of protectionism started to rise in this country. And yet in the Rules Committee, I heard many of my colleagues say the issue was buy American or bye-bye.

Well, I submit to you it is not b-y-e, b-y-e, it is who buys our products overseas in terms of our farm exports, and who pays for it. And I will tell my colleagues who pays for it when farm exports are not sold. It is the Kansas farmer.

So plant your flag on behalf of cargo preference. I am for it. We should have a strong merchant marine. The Department of Transportation should pay for it, and all American taxpayers in full. But do not plant that flag in our back, and that is where you have planted it as of today.

□ 1230

Mr. EMERSON. Will the gentleman yield?

Mr. ROBERTS. I would be happy to yield.

Mr. EMERSON. Mr. Speaker, I just want to associate myself with the remarks of the gentleman from Kansas [Mr. ROBERTS], and to commend him

and the gentleman from Oklahoma [Mr. ENGLISH] for their leadership on this issue, which I heartily endorse.

Mr. ROBERTS. I thank my colleague.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. SCHUETTE].

Mr. SCHUETTE. Mr. Speaker, I thank my friend and my colleague, the gentleman from Tennessee [Mr. QUILLEN] for yielding.

Mr. Speaker, I rise in opposition to this rule because it hurts farmers, and I rise in objection to the actions of the Committee on Rules in removing the committee language which would have given farmers in our exports a better break today.

By the adoption of this rule, we are hurting our blended credit sales and impacting our intermediate credit sales as well at a time when America is facing, and American farmers, ag producers, are facing an export depression.

We do not play on a level playing field today for the American producer because of high, unfair foreign subsidies, and high exchange rates, and cargo preference which, in some cases, some instances, can increase the cost of our exports 170 percent, and it does not help us be price competitive in world markets. I have no bone to pick and no quarrel with my colleagues, that I respect, on the Committee on Merchant Marine and Fisheries, nor a quarrel with the maritime industry or the maritime union, but do not take it out on the farmers. Put it in another budget; do not put it on the end cost.

Mr. Speaker, I will be voting against this rule because of the basic unfairness to American agriculture; because it hits farmers smack dab in the jugular when there is enough hardship and enough suffering out there as well.

So I would urge my colleagues to reject this rule, and by so doing, you would be helping farmers and helping American agriculture. If we do not prevail on this, and I hope we do, let me say I will be very active with my colleagues Mr. ROBERTS and Mr. ENGLISH to try to get some fairness and some help to exports and to the American agriculture producer.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 3 minutes to the gentleman from Oklahoma [Mr. ENGLISH].

Mr. ENGLISH. Mr. Speaker, I rise to oppose the rule and object to the action of the House Rules Committee yesterday in reporting out to the House floor H.R. 2100 without section 1141 of title 11 as agreed to by the House Committee on Agriculture and as the committee reported out the bill. Mr. Speaker, section 1141 as reported by the House Committee on Agriculture contained language which was vital to the agriculture industry. The substance of the provision was clearly

within the jurisdiction of the Agriculture Committee and clearly germane to omnibus farm bill package, H.R. 2100. The provision, which is aimed at curtailing a court-ordered expansion of cargo preference regulations with regard to agriculture exports, was originally referred to the House Committee on Agriculture. I am afraid that the House Rules Committee ignored this point in allowing the motion to strike the provision to prevail. I feel that it would have been far better to leave the debate on the merits of the cargo preference in agriculture issue solely for the House floor and not for the House Rules Committee. Instead, a vital aspect of the House farm bill and a vital issue for American agriculture has been stricken from H.R. 2100. I object to this aspect of the rule under which the House Rules Committee recommends that we consider and debate H.R. 2100.

Mr. BONIOR of Michigan. Mr. Speaker, I yield myself such time as I may consume.

I would like to make a couple of comments with respect to what my colleagues have said on the issue of cargo preference and second the number of people who have risen against the rule.

With respect to the cargo preference issue, No. 1, Members should be aware that under Public Law 664 which is the Cargo Preference Act which was adopted I believe in the early 1950's, 1954; only 2 percent of the total U.S. agricultural trade was conducted with respect to cargo preference, 2 percent in 1983.

So we are not talking about the total export agricultural program in this country; we are talking about a very small portion. That figure, according to who you read and what recent decisions were handed down by the court, can fluctuate from 2 to 10 percent; but generally 2 percent is the figure that has been accepted.

The second point I would like to make is that the jurisdiction over that act belongs within the Committee on Merchant Marine and Fisheries. I recognize, and the Committee on Rules recognizes that the Commodity Credit Corporation Act, has jurisdictional home within the Committee on Agriculture. Therefore, you have a situation where both committees what to retain jurisdiction over this particular issue.

Through careful deliberations, the Committee on Rules felt that under this bill that we have blended together, predominantly dominated, obviously, by agriculture issues, that it was appropriate to take the position as advocated by the Committee on Merchant Marine and Fisheries and its chairman, the gentleman from North Carolina [Mr. JONES].

Now, my good friend, the gentleman from Oklahoma [Mr. ENGLISH] stated

that we ought to leave this debate for the floor. Well, it is going to happen on the floor; Mr. ENGLISH, as he pointed out, will offer an amendment, and the Members on this floor will make that final decision on whether or not they want to adopt his position and those that have been expressed by Mr. ROBERTS and others, or whether they want to retain the law as it stands today.

Mr. Speaker, I reserve the balance of my time.

Mr. QUILLEN. Mr. Speaker, since there has been a lot of discussion on the rule in regard to cargo preference, I would like to state that that subject is under the jurisdiction of the Committee on Merchant Marine and Fisheries, and I do not think the Committee on Agriculture should try to take jurisdiction of that.

Therefore, I support strongly the present language made in order in the rule and will help to try to sustain it when and if amendment is offered.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. Mr. Speaker, I rise in opposition to House Resolution Revise 267, to provide for consideration H.R. 2100, the Food Security Act of 1985. While I support consideration of the farm bill at this time and commend the House Agriculture Committee for reporting the bill, I am opposed to certain aspects of the proposed rule.

Specifically, I am vehemently opposed to the provision that allows the language regarding cargo preference, as reported by the Agriculture Committee, to be deleted in a last-minute move by the Merchant Marine and Fisheries Committee. If this rule passes, there will be an amendment offered to reinstate the Agriculture Committee's language that will allow our agricultural exports to get moving again.

Mr. Speaker, when our American farmers are clearly in crisis and our commercial export promotion programs have been threatened and rendered ineffective by the expansion of cargo preference to them, I find a ruling that favors a discredited maritime program to be highly unfair.

Mr. Speaker, during its consideration of this measure, the Committee on Agriculture reaffirmed its commitment to a strong merchant marine and at the same time, took steps to ensure the practicality of the farm bill's export enhancement programs. By striking section 1141 of the bill, the Rules Committee has produced an unfair farm bill contrary to the wishes of the authorizing committee. I, therefore, am strongly opposed to the rule.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding. I appreciate the comments of my colleagues with regard to their opposition to this rule. I also am opposed to this rule.

I oppose the rule on the basis that this rule includes budget waivers, again, this is a constant stream of rules that we have on the floor with budget waivers in them. Once again, we come to the floor with this rule waiving the Budget Act, and it seems to me with a fairly serious violation.

In this particular instance, Mr. Speaker, what we are waiving is section 303(a) of the bill. Section 303(a) is intended to assure that within the budget process that we do not in fact have authorizations locked in that the budget becomes committed to, into the future.

□ 1240

In this case, what we are doing is, we are going to authorize moneys out into the outyears and thereby, it seems to me, undermine the budget process in those outyears.

In this particular case, that could be fairly serious, because it is my understanding that some runs of the farm bill in those outyears show that it may be as much as \$20 to \$30 billion over budget. That in fact will impact upon our ability to properly be able to comply with outyear budget figures that we at least thought we were getting ourselves in place with in the budget that we passed earlier.

But above that, it still comes back to the point I made before. We do in fact have a Public Law, 93-344, and in that public law we have committed ourselves to do something to obey the law. We are consistently and constantly coming to the floor saying that that law is meaningless, that we are going to waive the Budget Act. That is what we are doing here again, and I would suggest that is reason for opposition.

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. WALKER. I yield to the gentleman from California.

Mr. PANETTA. I thank the gentleman for yielding.

The problem with 303(a) is that it does deal with future entitlements. But we are dealing here with setting target prices for future crops. As far as I know, crops are not grown in a fiscal year. You have got to set a target price for future crops. This provision has always been waived in every farm bill. It would be impractical not to waive it because of the very policies that are built into a farm bill.

Mr. WALKER. I would simply say to the gentleman that maybe, then, we are beginning to make a case. And since the gentleman has served with great distinction on the Budget Committee, we are beginning to make a case here. We have got to do something about this Budget Act. The

bottom line is that if we cannot bring bills to the floor that comply with the Budget Act, maybe we better do something about the Budget Act. That is not just the 303(a) waiver we are talking about. We have got other waivers in this bill. And it is apparent, to me, that we have got a real problem.

So it would suggest that rather than constantly putting this Congress in a position of having to vote for budget waivers that violate the law of the land, that maybe what we ought to do is begin to look at the Budget Act and figure out that something has gone drastically wrong.

Mr. BONIOR of Michigan. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, if there was one reason not to vote against this rule, with all respect to my friend from Pennsylvania, it is the one he has just given.

The gentleman from California has correctly pointed out that the planting season and nature do not necessarily follow what we have established with regard to the Budget Act, and we have traditionally, since we have had a Budget Act, allowed the farm bill some flexibility with respect to next fiscal year and years beyond.

Let me also, if I could, just for a second, respectfully admonish Members who might be listening to this debate. I am getting a little concerned about this rule, quite frankly, and if it does go down, people ought to be aware that we are starting in the Rules Committee to get a heavy pile, a large pile, of bills. We have got a tax bill coming, we will have a trade bill before us pretty soon, right now there is the work of the DOD conference bill. We have got housing authorization. There are a lot of people on this side of the aisle who are concerned about that. We have got Superfund coming up, we have got the reconciliation bill before us. Frankly, I cannot guarantee—I speak for myself and not for the full committee, but I think they share my sentiments—I cannot guarantee that we are going to get a farm rule out quickly if we turn this rule down. We have many bills that are backed up in committee. You know what the calendar is like next week. We are not going to be here. I would suggest to the Members if you are serious about getting a farm bill through this House expeditiously—and, heavens knows, we will have at least, I would think, 2, perhaps as much as 6, days, as we did 4 years ago, to debate this bill that we have got to get this rule passed and get on with the debate with this bill next Thursday.

So I would suggest that you think very seriously before you go back and really tell your farmers through your vote on this rule that we are not going to have farm legislation in the next week or so.

Mr. HUGHES. Mr. Speaker, will the gentleman yield?

Mr. BONIOR of Michigan. I yield to my friend, the gentleman from New Jersey.

Mr. HUGHES. I thank the gentleman for yielding.

Mr. Speaker, I have listened to some of the debate, and I find it somewhat curious, because cargo preference has traditionally and historically always been an issue before the Merchant Marine and Fisheries Committee.

It is my understanding that this rule does provide in the original text the language developed by the Merchant Marine and Fisheries Committee.

Mr. BONIOR of Michigan. That is correct.

Mr. HUGHES. My committee has some 5 days of sequential referral to try to respond to a change in the cargo preference law completed by the Agriculture Committee. Under the rule, as I understand it—and correct me if I am wrong—the issue can be advanced and will be debated and voted upon as offered in the form of an amendment by anyone on the Agriculture Committee or anyone else who wants to offer that amendment. Am I correct in my understanding?

Mr. BONIOR of Michigan. That is correct. And regardless of what happened in the Rules Committee, we are going to get a vote on this issue one way or the other. Of course, the burden now becomes that of the Agriculture Committee. But, irrespective, the votes are ultimately what is going to count.

Mr. HUGHES. I find it interesting, because time is of the essence in the Agriculture Committee. I know my farmers are hurting, as I am sure your farmers are hurting. But it seems to me that if you defeat the rule—and you may very well do that—it will be for naught, because we are going to argue the issue. And if in fact your particular approach to cargo preference is the one desired by the House, they can vote that way. But it seems to me that we will have ample opportunity to debate the issue in the context of this bill, and I do not understand what the debate is all about because the issue will be before the full House.

I thank the gentleman for yielding.

Mr. LENT. Mr. Speaker, will the gentleman yield?

Mr. BONIOR of Michigan. I yield 1 minute for purposes of debate only to my friend, the gentleman from New York.

Mr. LENT. I thank the gentleman for yielding.

Mr. Speaker, I would like to identify myself with the remarks made by the gentleman from New Jersey, with whom I serve on the Committee on Merchant Marine.

Our committee certainly does not like to get involved in disputes with other committees over issues of jurisdiction. And, historically, we have not had very many problems. However, in this case we think we have a very good argument. The Agriculture Committee is the committee, with all due respect, that put language in the farm bill in section 1141 that is exclusively and is directly a matter of our committee's jurisdiction. And when our committee got that bill on sequential, we only had 5 days, and we changed that language, it is true, that the Agriculture Committee had inserted having to do with cargo preference, in our committee, and the Rules Committee, in recommending this rule, has seen fit to agree with our opinion that the cargo preference language included by the Committee on Agriculture was simply beyond their scope; therefore, I am going to support this resolution (H. Res. 267). It is an appropriate rule for consideration on some needed legislation, and I would urge all of our colleagues to support the passage of the rule.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 1 minute, for the purposes of debate only, to the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. I thank the gentleman for yielding.

Mr. Speaker, one of the items of the gentleman's rule is a waiver of the rule prohibiting tax amendments by other than the committee of jurisdiction. It relates to an amendment offered, I am told, by the gentleman from Iowa [Mr. EVANS]. Can the gentleman tell us why he waived, and can you tell us what the amendment is? My own committee has some interest in that, and it is unusual to provide for such a waiver. We are greatly concerned about it.

Mr. BONIOR of Michigan. Well, as I recall the discussion in the committee, when the gentleman from Iowa [Mr. EVANS] testified, it was with respect to commodities that threatened our markets here and the imposition of tariffs thereto.

The gentleman is correct, it does touch upon jurisdiction in the Ways and Means Committee.

Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. DE LA GARZA] who has been waiting patiently.

Mr. DE LA GARZA. I thank the gentleman for yielding.

Mr. Speaker, let me state to my colleague from Minnesota and my colleague from Texas, our committee did not request this waiver. The Rules Committee, in its wisdom, gave the waiver so that Mr. EVANS of Iowa might offer an amendment that touches on section 22. Our committee opposes that amendment. I oppose that amendment. I know that under the rule there exists the remote possibility that you could address other issues.

We did not ask for that waiver. We hope that the amendment will be defeated. I implore everyone to work with us to defeat the amendment, and I will see to it, with whatever authority I have, that no other issue, except that very narrow amendment, within the jurisdiction of our friends from the Ways and Means Committee is touched in the amendment.

Mr. PICKLE. Mr. Speaker, will the gentleman yield.

Mr. DE LA GARZA. I yield to the gentleman from Texas.

Mr. PICKLE. I am sure the gentleman understands if this amendment that is pending is offered, it actually has something to do with the imports of a commodity into the country. That, definitely, goes into the jurisdiction of the Ways and Means Committee. Now, that ought not be waived. If it is not opposed on the floor, I think you will find that members of the Ways and Means Committee will oppose the rule or oppose the bill. We do not seek that. I would hope we could pass this bill. I would like the assurance of the chairman that he would oppose this amendment.

The SPEAKER pro tempore. The time of the gentleman from Texas [Mr. DE LA GARZA] has expired.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 30 seconds to my friend, the gentleman from Texas [Mr. DE LA GARZA] to respond. But before I do, let me say, personally, that this gentleman opposes the amendment of the gentleman from Iowa [Mr. EVANS]. There are others on the Rules Committee, obviously, who felt differently.

Mr. DE LA GARZA. I would like to state to my colleague and all Members and the chairman of the Ways and Means Committee that we will oppose the amendment, that we did not ask for the waiver, and that we will try to protect their jurisdiction to the fullest extent and would hope that they work with us to pass a rule now because we need to proceed, and then we will oppose the amendment and see that it does not complicate issues that do not need to be complicated.

Mr. PICKLE. I thank the gentleman. We are willing to cooperate.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from Mississippi [Mr. FRANKLIN].

Mr. FRANKLIN. I appreciate my colleague from Tennessee yielding me this time.

Mr. Speaker, the gentleman on the Rules Committee suggests: What is the problem? Why are we in agriculture so upset about this rule?

Well, I will tell you gentlemen why we are upset. Because this rule strikes at the very heart of what the Agriculture Committee has tried to do with the farm bill. And that is to make agricultural products more competitive in world trade.

I do not believe that there is one Member of this House who has not given a speech about the trade deficit of this great country and what we can do about it to try to correct that trade deficit and become more competitive in the world.

Let me remind my colleagues also that the great economy of agriculture still has a trade surplus of \$16 billion. It is one of the only segments of our economy that still has that trade surplus. However, we lost \$10 billion last year in agriculture trade surplus, and we lost it because of our insistence on putting barriers and impediments into our laws that make us less competitive. That is exactly what the Rules Committee has done by adopting the merchant marine position on cargo preference.

That is why we are opposed to this rule. We spent 9 months trying to bring before this House an agriculture bill that would make our commodities more competitive, and the first thing that happens to us when we get out of the Rules Committee, up go the barriers, up goes the one thing that will keep our agricultural commodities from flowing in world trade. After the court's ruling applying cargo preference to blended credit, my friends, the estimated additional cost of the Department of Agriculture to institute that program of blended credit to move our products was \$40 million to \$50 million.

So what did we do? The Department of Agriculture realizes we cannot implement the program, so we do away with the blended credit program, leaving 3 million metric tons of farmers' grain still in storehouses in the United States, \$500 million in value of products that could have been sold by this country overseas had we not had the impediment of cargo preference.

You say it is only 2 percent. Let me tell you what it is. It is historically applied to the benevolent programs that this country has of feeding the world's hungry, Public Law 480. But do you know what cargo preference costs the Public Law 480 budget? A full 10 percent to implement cargo preference under the current status that it is in now. And now what we want to do is to apply cargo preference not only to our benevolent programs where we help countries of the world and feed the hungry, now we want to apply cargo preference to the commercial sales, the ones that individuals transact between the U.S. sellers and purchasers around the world, we want to put cargo preference applicable to that.

□ 1255

It destroys our ability to be competitive and those of you on the Rules Committee wonder why we are upset, it is because we want to keep agricultural products competitive. We have

designed this Agriculture bill so that the U.S. Government can stand behind American farmers in world trade. The first thing that happens to us is that we put one more thing in there, a barrier to keep us from being competitive. I urge my colleagues to vote against this rule.

Mr. BONIOR of Michigan. Mr. Speaker, again, let me point out that all Members will have the opportunity to prevail in their wishes with respect to cargo preference if they vote for this rule. If you do not vote for this rule, we will not have a rule, we will be back up in the Rules Committee. I would suggest that the Members vote for the rule; the issue will come before you as Mr. ENGLISH and others will present an amendment, and if you have the strength, if the membership agrees with your position, you will prevail.

Mr. Speaker, I reserve the balance of my time.

Mr. QUILLLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I urge adoption of the rule. It is an open rule; there is no time limit on the amending process. I think it is just common sense that we get down to business to help the farmers of this great Nation of ours.

While we are doing that, do not forget the merchant marine fleet. After World War II, I came back from Sasebo, Japan, on a merchant marine vessel. Now, in the case of a national emergency what would we do? We do not have that fleet. They are foreign bottoms. I think if we do not protect that American merchant marine concept we are heading down the road to defeat. I know that the farmers of this country are already on the road to ruin unless we get down to business. We can accomplish a goal of helping farmers and the merchant marine if we do not kill this rule. I urge its adoption.

Mr. Speaker, to close debate, I yield 2 minutes to the gentleman from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. Mr. Speaker, I thank the ranking Member for his courtesy in yielding me this time, particularly since we happen to be on opposite sides on this issue.

Mr. Speaker, I, in the strongest terms possible, ask my colleagues to vote down this rule. When the court decision in February 1985 brought the Blended Credit Program under cargo preference, that upset the balance. What has the Merchant Marine and Fisheries Committee done now? They have declared war against the American farmer by joining that effort. They have upset the delicate political balance.

This is the first major trade legislation of the year. During this past year, \$100 million in grain and processed food was not delivered through Public Law 480, our Food For Peace Program

aid, and our Emergency Aid Programs for Africa because of cargo preference. Well, I guess for the moment, we must live with that as a cost of subsidizing a merchant marine, but the subsidy should be in the budget of Department of Transportation and not in the budget of the agricultural budget or out of the sales of agricultural products. But now to have cargo preference applied to blended credit commercial grain sale is absolutely incredible. The costs are so astronomical, that it frankly kills the program of subsidized commercial sales of agricultural products.

This is a declaration of war against the American farmer by the Merchant Marine and Fisheries Committee. Through this action before the Rules Committee they have joined the maritime interests in declaring war against the American farmer and agribusinessmen. I think all bets or truce arrangements are now off. I think all cargo preference should be repealed—yes, even from the Public Law 480 program. I am prepared to offer such an amendment. I am prepared to show the kind of influence that maritime political action committees have on this body. I am prepared, if necessary, to read the names and amounts of maritime PAC contributions to Members for recent years.

Mr. Speaker, I have told you about the food being taken out of the stomachs of African children last year by the price gouging of American shippers; now the Merchant Marine and Fisheries Committee would extend it further if you adopt this rule.

I am not intimidated by the fact that the rule may be voted down. Frankly, if the rule goes down, we will have another one because the prices for American agricultural products under the underlying enabling legislation to which the farm programs would revert would skyrocket. It is not going to hurt my farmers in the immediate sense if we do not approve a rule today.

For many reasons, including those raised by the Ways and Means Committee, including those raised by other people here on budgetary issues, this rule should be defeated. We will have another rule on the floor which would return the political balance where it has been on cargo preference.

Mr. BONIOR of Michigan. Mr. Speaker, I yield 2½ minutes to the gentleman from Texas [Mr. DE LA GARZA].

Mr. DE LA GARZA. I thank the gentleman for yielding me this time.

Mr. Speaker, we in the Agriculture Committee, and I, as the Chairman thereof, have the responsibility to establish government policy for agriculture. There are different viewpoints as to what that policy should be, but the existing farm legislation begins to expire at the end of this month. We have to

enact this legislation; we have to move. I regret that incidental issues have become the major focus of today's debate. Under the legislative process—and more than half of my life I have spent in the legislative process—rules do not matter if you have the votes. We will have the opportunity to debate all these issues fully. I did not get the rules that I requested; they put in other things that I did not request, but on my shoulders rests the responsibility to the farmers of America. We should not let one side issue sidetrack the train.

Someone will say, "Yes, you will get another rule." We may not have time to finish general debate today. We will not vote Monday, Tuesday or Wednesday or Friday. We will only have next Thursday. If we do not finish then, and I doubt that we will, we will go to the following Tuesday, into October. We have the supplemental; we have immigration; we have a myriad of things. Today is the day, and if because of an emotional issue that will be addressed well in the amendment process of this legislation, you kill this bill, you are killing the whole process, you are slapping the farmer in the face, you are turning around.

My responsibility and our committee's responsibility is to proceed. No one is being denied the opportunity; everyone will be given the sufficient time. So the issue then should be resolved in the amendment process. By killing this rule, you may well be sounding the death knell to assistance by this Government to the farmers of America. It is that serious.

I urge all of my colleagues that we can work out in the legislative process concerns about the rule. Vote for the rule; do not turn your back on the farmers of America. All of the other issues can be resolved. You need to support the rule.

Mr. PICKLE. Mr. Speaker, will the gentleman yield?

Mr. DE LA GARZA. I yield to the gentleman.

Mr. PICKLE. With the assurance of the chairman of the committee, and I understand the ranking side, this Member of the Ways and Means Committee accepts that explanation, and I will not oppose this rule. I will ask for an "aye" vote. But we would ask the help of the gentleman.

Mr. DE LA GARZA. I urge the Members to support the rule and help us move on with the business at hand.

Mr. BONIOR of Michigan. Mr. Speaker, let me just conclude by emphasizing again this is an open rule. People who have amendments and those amendments are submitted by Tuesday, the 24th, can offer them. Once offered, if they are in order, they will be voted up or down. If they prevail, that position obviously will be taken to the Senate.

I urge my colleagues, as fervently as I can, to support this open rule.

Mr. Speaker, I yield back the balance of my time and move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. ROBERTS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 205, nays 99, not voting 130, as follows:

(Roll No. 316)

YEAS—205

Ackerman	Gejdenson	Murtha
Akaka	Gephardt	Myers
Andrews	Glickman	Natcher
Annunzio	Gonzalez	Neal
Anthony	Goodling	Nelson
Aspin	Gray (PA)	Oaker
AuCoin	Green	Oberstar
Barnes	Grothberg	Obey
Bateman	Guarini	Olin
Bates	Hall (OH)	Owens
Bedell	Hall, Ralph	Panetta
Bellenson	Hamilton	Parris
Bennett	Hartnett	Pease
Bentley	Hatcher	Penny
Berman	Hawkins	Pepper
Bilirakis	Hertel	Perkins
Boehlert	Hopkins	Pickle
Boggs	Howard	Price
Boner (TN)	Hoyer	Quillen
Bonior (MI)	Hubbard	Rahall
Bonker	Huckaby	Ray
Borski	Hughes	Regula
Boucher	Hunter	Reid
Brown (CA)	Jacobs	Robinson
Bryant	Jeffords	Rodino
Burton (CA)	Jenkins	Roe
Byron	Jones (OK)	Rose
Callahan	Jones (TN)	Roukema
Carney	Kanjorski	Rowland (GA)
Carper	Kastenmeier	Rowal
Carr	Kemp	Sabo
Chapman	Kennelly	Savage
Chappell	Kildee	Saxton
Coelho	Kindness	Scheuer
Coleman (TX)	Kostmayer	Schneider
Conyers	LaFalce	Schroeder
Crockett	Leach (IA)	Schumer
Daniel	Lent	Sharp
Darden	Levin (MI)	Shelby
Daschle	Levine (CA)	Sisisky
de la Garza	Lightfoot	Skelton
Dellums	Lipinski	Smith (FL)
Dickinson	Long	Smith (IA)
Dingell	Lowry (WA)	Snowe
Dixon	Luken	Snyder
Dorgan (ND)	Manton	Solarz
Dowdy	Markey	Spence
Downey	Martin (NY)	Spratt
Duncan	Mazzoli	Staggers
Dwyer	McCloskey	Stallings
Dyson	McHugh	Stark
Eckart (OH)	McKernan	Stratton
Edwards (CA)	Mica	Swift
Erdreich	Michel	Synar
Evans (IA)	Mikulski	Tauke
Evans (IL)	Miller (WA)	Tauzin
Feighan	Mineta	Taylor
Fish	Mitchell	Thomas (GA)
Foglietta	Molinari	Torres
Foley	Mollohan	Torricelli
Ford (MI)	Moody	Towns
Ford (TN)	Moore	Valentine
Fuqua	Mrazek	Vander Jagt

Vento  
Visclosky  
Volkmer  
Walgren  
Watkins  
Weiss

Wheat  
Whitley  
Whitten  
Wirth  
Wortley  
Wright

Yates  
Yatron  
Young (AK)  
Young (MO)

NAYS—99

Archer  
Armey  
Bartlett  
Bereuter  
Bliley  
Boulter  
Broomfield  
Brown (CO)  
Bruce  
Burton (IN)  
Cheney  
Coats  
Cobey  
Coble  
Coleman (MO)  
Combest  
Coughlin  
Craig  
Crane  
Dannemeyer  
Daub  
DeLay  
DioGuardi  
Dreier  
Eckart (NY)  
Edwards (OK)  
Emerson  
English  
Fawell  
Fiedler  
Fields  
Franklin  
Frenzel

Gallo  
Gekas  
Gingrich  
Gunderson  
Hammerschmidt  
Hansen  
Hendon  
Henry  
Hiller  
Holt  
Hyde  
Johnson  
Kasich  
Lagomarsino  
Leath (TX)  
Lewis (CA)  
Lewis (FL)  
Livingston  
Lowery (CA)  
Lujan  
Mack  
Marlenee  
Martin (IL)  
McCain  
McEwen  
McMillan  
Miller (OH)  
Monson  
Montgomery  
Moorhead  
Morrison (WA)  
Nielson  
Packard

Pashayan  
Porter  
Ridge  
Ritter  
Roberts  
Roemer  
Rogers  
Rowland (CT)  
Schaefer  
Schuette  
Shaw  
Shumway  
Siljander  
Skeen  
Slaughter  
Smith (NE)  
Smith (NH)  
Smith, Denny  
Smith, Robert  
Stangeland  
Stenholm  
Strang  
Stump  
Sundquist  
Sweeney  
Swindall  
Thomas (CA)  
Vucanovich  
Walker  
Weber  
Whittaker  
Wolf  
Young (FL)

NOT VOTING—130

Addabbo  
Alexander  
Anderson  
Applegate  
Atkins  
Badham  
Barnard  
Barton  
Bevill  
Biaggi  
Boland  
Bosco  
Boxer  
Breau  
Brooks  
Broyhill  
Bustamante  
Campbell  
Chandler  
Chapple  
Clay  
Clinger  
Collins  
Conte  
Cooper  
Courtner  
Coyne  
Davis  
Derrick  
deWine  
Dicks  
Donnelly  
Dorman (CA)  
Durbin  
Dymally  
Early  
Edgar  
Fascell  
Fazio  
Flippo  
Florio  
Fowler  
Frank  
Frost

Garcia  
Gaydos  
Gibbons  
Gilman  
Gordon  
Gradison  
Gray (IL)  
Gregg  
Hayes  
Hefner  
Heftel  
Hillis  
Horton  
Hutto  
Ireland  
Jones (NC)  
Kaptur  
Klecza  
Kolbe  
Kolter  
Kramer  
Lantos  
Latta  
Lehman (CA)  
Lehman (FL)  
Leland  
Lloyd  
Loeffler  
Lott  
Lundine  
Lungron  
MacKay  
Madigan  
Martinez  
Matsui  
Mavroules  
McCandless  
McCollum  
McCurdy  
McDade  
McGrath  
McKinney  
Meyers  
Miller (CA)

Moakley  
Morrison (CT)  
Murphy  
Nichols  
Nowak  
O'Brien  
Ortiz  
Oxley  
Petri  
Pursell  
Rangel  
Richardson  
Rinaldo  
Rostenkowski  
Roth  
Rudd  
Russo  
Schulze  
Seiberling  
Sensenbrenner  
Shuster  
Sikorski  
Slattery  
Smith (NJ)  
Solomon  
St Germain  
Stokes  
Studds  
Tallan  
Traficant  
Traxler  
Udall  
Waxman  
Weaver  
Whitehurst  
Williams  
Wilson  
Wise  
Wolpe  
Wyden  
Wyllie  
Zachau

□ 1315

The Clerk announced the following pair:

On this vote:

Mr. Brooks for, with Mr. McCandless against.

Mr. HAMMERSCHMIDT and Mr. LUJAN changed their votes from "yea" to "nay."

Mr. LIGHTFOOT changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

(Mr. KEMP asked and was given permission to address the House for 1 minute.)

Mr. KEMP. Mr. Speaker, I have asked for this time for the purpose of asking the distinguished gentleman from Washington, the acting majority leader, the schedule for the balance of the day and next week.

Mr. FOLEY. Mr. Speaker, will the distinguished gentleman from New York, the acting Republican leader, yield to me?

Mr. KEMP. I am pleased to yield to my friend, the gentleman from Washington.

Mr. FOLEY. Mr. Speaker, I thank the gentleman.

Mr. Speaker, the House will shortly begin general debate on H.R. 2100, the Agriculture Act of 1985. There will be no votes for the remainder of the day.

When the House adjourns today it will do so with the understanding that it will meet again at noon on Monday next. At that time we will consider two suspensions: House Concurrent Resolution 192, expressing the support of the Congress for democratic rule in Chile; and H.R. 3166, the Overseas Private Investment Insurance Corporation reauthorization.

On Tuesday, September 24, the House will meet at noon to consider two bills, also under suspension of the rules: Senate Joint Resolution 127, the interstate compact; and H.R. 1246, the Colorado River Floodway Protection Act.

Votes that may be ordered on suspensions on that Monday and Tuesday will be postponed until Thursday, September 26.

Mr. KEMP. May I inquire of my friend, the gentleman from Washington, will he seek unanimous consent from the House to lay those votes over until Thursday?

Mr. FOLEY. We will do that for Monday only. The votes on Tuesday are covered by the rule which provides that they can be postponed until the next legislative day.

Mr. KEMP. I understand that. I was alluding to the unanimous-consent request.

Mr. FOLEY. Yes; I will ask such unanimous consent.

Mr. KEMP. There is no objection from the minority side.

Mr. FOLEY. On Tuesday, the House will also consider the arts and humanities authorizations, under an open rule, with 1 hour of debate, general debate only.

On Wednesday, September 25, the House will not be in session because the high holy day.

On Thursday, September 26, the House will meet at 10 a.m. for recorded votes that may be ordered on those suspensions debated Monday and Tuesday and on amendments to H.R. 2100, the 1985 farm bill. Members should be aware of the possibility of a late session Thursday night since there are likely to be a number of votes that day.

Mr. KEMP. Does the gentleman have any estimate of how late Thursday night? Is the gentleman talking about 6 or 7 o'clock or well into the evening past that time?

Mr. FOLEY. I am sorry that I am not able to give the gentleman any precise information in that regard. I'm all candor, I would say it is the general, if somewhat extended, hope that we would finish the farm bill on Thursday. If it were possible, we would probably have a late session that would go beyond 7 o'clock. However, if it is not, we probably would not be in session very late.

My estimate at this time is that it will probably require at least another day, of the following week, perhaps Tuesday, to complete consideration of the farm bill. In that case, I do not think we would be in as late as 10 o'clock on Thursday.

Mr. KEMP. The House, as I understand it, is not in session on Friday of next week.

Mr. FOLEY. The House will not be in session on Friday, September 27. There will be again no votes on Monday or Tuesday, those votes being postponed, and the House will not be in session on Wednesday.

Mr. KEMP. I thank my colleague, the gentleman from Washington.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. KEMP. I am glad to yield to my colleague, the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I appreciate the gentleman yielding, because I just wanted to raise the question of whether or not there is some chance, given the seriousness of the situation that we face on the farm, and elsewhere, and the backlog of the congressional schedule that we keep hearing about, that we could not do something about meeting next Friday, since Members are going to have to come back in town on Thursday, anyhow.

It is my understanding, based upon a letter that I have in my office, that the main reason we are off next Friday is so that some of the Members can go down to the White House and participate in the demonstration. My

guess is that we might want to consider having a session that day, rather than simply folding up here for a White House demonstration by some of the Members.

Mr. KEMP. Would the acting majority leader enjoy answering that question?

Mr. FOLEY. That is the first I have heard about any demonstration before the White House. I know nothing of that.

The reason we are not meeting on Friday has nothing to do with such an occurrence. It is based upon the fact that this is the scheduled legislative weekend for the Black Caucus.

Mr. KEMP. Mr. Speaker, I thank the gentleman from Washington.

#### ADJOURNMENT TO MONDAY, SEPTEMBER 23, 1985

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

#### ADJOURNMENT OF THE HOUSE FROM THURSDAY, SEPTEMBER 26, 1985, TO MONDAY, SEPTEMBER 30, 1985

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns on Thursday next it stand adjourned until Monday, September 30, 1985, at 12 o'clock noon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

#### DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

#### GRANTING FEDERAL CHARTER TO PEARL HARBOR SURVIVORS ASSOCIATION

Mr. GLICKMAN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 1042) to grant a Federal charter to the Pearl Harbor Survivors Association, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 2, line 6, strike out "devices" and insert "devises".

Page 6, line 11, strike out "the".

Mr. GLICKMAN (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendments be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

Mr. KINDNESS. Mr. Speaker, reserving the right to object, I reserve the right to object not in order to place an objection, but in order to allow the gentleman from Kansas an opportunity to explain the purpose of the amendments involved and the refined purpose of the charter bill that is proposed to be passed by the House.

□ 1330

I also will yield my reservation to those who have a desire to contribute to the RECORD.

Mr. GLICKMAN. Mr. Speaker, will my colleague from Ohio yield?

Mr. KINDNESS. I am happy to yield to the gentleman from Kansas.

Mr. GLICKMAN. Mr. Speaker, I would say to my colleagues that this is a technical correction which basically makes some syntactical changes in the bill.

This is a bill introduced by the gentleman from New Jersey [Mr. DWYER] and has lots of support in this House, to set up a Federal charter for the Pearl Harbor Survivors Association.

I say to my colleagues, this makes no substantive changes whatsoever in the House bill that has already passed.

Mr. KINDNESS. Further reserving the right to object, Mr. Speaker, I completely concur in what the gentleman has stated with regard to the amendments and the purpose of the bill.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Kansas?

There was no objection.

A motion to reconsider was laid on the table.

#### ADJOURNMENT OF THE HOUSE FROM TUESDAY, SEPTEMBER 24, 1985, UNTIL THURSDAY, SEPTEMBER 26, 1985

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns on Tuesday next that it adjourn to meet at 10 a.m. on Thursday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

# PERMISSION FOR MEMBERS TO FILE AMENDMENTS ON H.R. 2100

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that all Members may have until 5 p.m. on Tuesday next to file amendments to H.R. 2100, the Food Security Act of 1985, should the House adjourn prior to 5 p.m. on that day.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

## FOOD SECURITY ACT OF 1985

The SPEAKER pro tempore. Pursuant to House Resolution 267, and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2100.

The Chair appoints the gentleman from Michigan [Mr. BONIOR] to preside over the Committee of the Whole.

□ 1332

### IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for consideration of the bill (H.R. 2100), to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is suspended.

The gentleman from Texas [Mr. DE LA GARZA] will be recognized for 1 hour, and the gentleman from Kansas [Mr. ROBERTS] will be recognized for 1 hour. The gentleman from New Jersey [Mr. HUGHES] will be recognized for 15 minutes and the gentleman from New York [Mr. LENT] will be recognized for 15 minutes.

The Chair recognizes the gentleman from Texas [Mr. DE LA GARZA].

Mr. DE LA GARZA. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, the House today begins consideration of one of the most important pieces of legislation that we will deal with this session, this year, in fact, I might say toward the end of this century, H.R. 2100 the Food Security Act of 1985.

This omnibus bill as reported by the committee and the appropriate subcommittees of jurisdiction was drafted after we spent all of last year listening, counseling with, receiving advice from every segment of agribusiness. For the first time, we brought in banks, seed dealers, fertilizer dealers, automobile and implement dealers. We

listened to anyone that would be impacted, consumers, environmentalists, and we think we have a good product, Mr. Chairman, which we bring to the floor of this House. I would hope that as we proceed through the amendment process that the membership of the House, and of the Committee when we are in the Committee, would support what the Agriculture Committee has reported in behalf of American agriculture that needs the assistance we can give them at this time.

We bring this bill to the floor because American agriculture is in trouble today—and it is the responsibility of the House to do whatever can be done to help dam the flood of problems facing agriculture that is causing great distress in many parts of the Nation.

This is a big bill. The text of the bill covers 525 printed pages and the Agriculture Committee's report is 827 pages long. It's a big bill because the problem is big. It's a complicated bill because the problems are complicated.

The crisis this bill addresses affects the farm economy and rural America. It affects millions of consumers, bankers, businessmen and workers in many industries and businesses all across the country—and it affects the international economy as well.

I could tell the story we have to face by reading you economic reports and reciting from tables of figures. But I ask this House today to look behind the numbers and the tables and the economic reports. I ask the House to look at the human beings behind those numbers.

One of those people called me the other day. Her name is Mrs. Naomi Woods. She lives on a farm with her husband near Fort Morgan, CO. And she talked to me about problems on the farm in a way that I wish everyone in this House could hear and understand.

Mrs. Woods pointed out that when a family can't afford to buy farm supplies, it hurts—but so do the people in the local businesses that depend on them. When a farm family can't afford to buy a pickup truck needed on the farm, they hurt—but so do the people on an automobile company assembly line far away from Colorado.

I hope the Woods family can survive on their farm. That's what they want to do. But what happens if they are squeezed out by forces they cannot control, no matter how hard they work or how efficient they are? Mrs. Woods told me she guesses they'd have to move to Denver to look for work.

But is that any answer? What happens when thousands of farm families are forced to move into urban areas? What is the real cost to our society in the new housing needs, in all the other costs that pile up when people don't have jobs? I say that whatever it may cost to help efficient farmers stay on the land may be less than the real cost of forcing them off.

What this comes down to is that we are dealing with more than questions of policy and dollars. We are dealing with the future of people, and this is a great responsibility

for every Member of the House and everyone else involved in farm policy.

Much of agriculture is in trouble today because of a combination of factors and forces that lie largely outside the areas that farmers themselves can control. The causes of today's problems include the general worldwide recession of the early 1980's, which depressed markets for American products, the strength of the dollar in recent years, which cost us export sales, the unfair trade practices of some competing nations in world markets, and continuing surpluses of some commodities.

Farm income is down to disastrous levels. Thousands of good, efficient family farmers find themselves unable to pay their bills. Farmland values in some States have fallen by up to 50 percent since 1981. We are facing what some people say is a crisis among some agricultural lenders.

Behind these grim statistics are stories of stark tragedy for thousands of families and hundreds of rural communities. When a farm family cannot pay its bills, as Mrs. Wood eloquently explained, the bad news does not stop at the farm gate. The shock wave goes all through our economy. Here is just one example: The Agriculture Department is currently predicting that farm purchases of new and used equipment this year are expected to sink as low as \$6.4 billion compared with last year's depressed \$7.3 billion figure. The pain in agriculture is deep, and it is spreading—and forecasts for the near future, at least, are not encouraging.

Members of the House probably have heard that record crops are being predicted this fall, and unless we get some unexpected news, the result is likely to be continuing low farm prices and more distress in agriculture. The most severe crunch in our farm economy since the Great Depression is here. It poses a great challenge to this Congress. We need to provide agriculture at this time with an economic life preserver, not a pair of concrete boots.

These are some of the reasons why the Agriculture Committee is asking your help in passing a farm bill. I know that some may disagree with us over one or another portion of our bill. But I do not think anyone will disagree when I say that the need for an effective farm policy is urgent and in the interests of our entire Nation. That means consumers, too. In the long run, a depressed agriculture is bad news for consumers because they must depend on agriculture for what they need most—an ample and stable food supply at reasonable prices.

In drafting H.R. 2100, the Agriculture Committee was faced with two challenges:

We wanted, and I believe the House wants, a bill that protects farm income to the greatest possible extent so that efficient farmers can hang on until conditions improve.

Under the terms of the congressional budget resolution, we were required to bring in a bill that fits within the budget targets for agriculture. This we have done

through a process of hard and painful compromise.

I will not take your time to describe in full detail the provisions of H.R. 2100, but I will note briefly the major features of the bill.

First, it provides 5-year income stabilization programs, and in most cases supply stabilization programs, for major commodities including wheat, feed grains, upland cotton, rice, milk, soybeans, sugar, wool, and peanuts.

Next, it includes general commodity provisions, including a new and more effective method of setting farm bases and yields, a continued limitation on direct payments to farmers, and a new \$250,000 ceiling on non-recourse loans to individual farmers on wheat, feed grains, soybeans, peanuts, and tobacco.

Also, there is an important trade section that includes a program to use some of our surpluses as export bonuses to help regain and, we might hope, to expand overseas markets. With this, we have provided for expanded export credit programs and an extension of the Food-for-Peace Program together with additional authority to use our surplus food abroad.

In the conservation area, we have landmark new legislation, which I believe has wide support, to protect our fragile land. This section includes a proposed Conservation Reserve Program to get fragile land that is now in crops moved into protected use. And it includes Sodbuster and Swampbuster Programs to discourage the movement of erodible land into crop production.

In the field of agricultural credit, we have an extension of authority for Farmers Home Administration programs for farmers and rural development, with some changes in these areas. We have new regulations for the handling of land that the Farmers Home Administration has foreclosed. And we have a section to protect purchasers of farm products from liens held by creditors.

In the area of agricultural research, we extend authority for research programs with a number of provisions aimed at encouraging work in high-priority areas.

And in the field of domestic food assistance, our bill extends the Food Stamp Program for 5 years together with some modest and overdue improvements and a new section that requires States to set up special employment and training programs. In addition, we have other features including a 2-year extension of the Temporary Emergency Food Assistance Program to help get commodities to hungry people through agencies like food banks and soup kitchens.

Much of the discussion of this bill will involve the commodity programs. In that respect, let me give you some brief explanation.

For wheat, feed grains, upland cotton, and rice, the bill provides machinery that, for the next 5 years, would make market prices more competitive by providing authority to tie price support loan rates more closely to market conditions and by several export programs. At the same time, howev-

er, the income of farmers would be maintained because we would keep target prices frozen for 1986 and 1987 and would permit reductions in targets in the following 3 years only if farmers' costs also decline. For wheat and feed grains, the bill also includes one additional important feature. This is a provision under which wheat and feed grain farmers would vote in a referendum on whether to adopt a program of voluntary acreage control coupled with an increased price support loan rate without target prices.

If the referendum program becomes law, and if farmers then go on to adopt the program, producers who comply with acreage controls would be eligible for the new support levels, and their crops would be kept competitive in export markets by the kind of export subsidy that is provided in the general trade section of the bill. Producers who choose not to comply with acreage controls could grow as much as they want to, but they could use their grain only for feeding on their own farms or for export at world prices. If the referendum program becomes law and farmers do not approve it in their balloting, wheat and feed grains would remain under the target price program that will also be in effect for cotton and rice.

I must note that, as costed out by the Congressional Budget Office, the referendum provision will not reduce program costs as much as initially estimated. This was not intended by the sponsor of the provision, and he has already prepared a floor amendment that will achieve the needed savings in program costs.

I know that the administration has indicated it is opposed to the referendum provision, and the House will hear later a fuller report from sponsors of the provision on why it deserves support. I want to point out now that it is a compromise proposal. Some Members favor a tighter mandatory control program, but the version approved by the Agriculture Committee provides that if farmers approve the marketing certificate plan in a referendum, individual producers could still choose to stay out of the program and use their grain on their own farms or for export at world prices.

I want to add a brief word about the dairy program. This is a carefully and painfully developed compromise. It is built around a new price support formula that takes into account both farm costs and the need to reduce surpluses—a formula that is fair to consumers as well as to farmers. And it includes the surplus diversion program about which there has been much discussion. I will say at this point only that the diversion program has been tried before and has worked. It is financed by the farmers themselves, and it helps protect both the dairy industry and the taxpayer. The committee's dairy program helps meet our budget targets by saving \$1.7 billion over 3 years.

The budget requirements that we had to meet were difficult. They forced the Agriculture Committee to make hard choices and forced us to make some reductions that we did not want to accept particularly

at this time of economic stress for farmers. Our committee recognized, as it has in the past, however, that farmers must join other Americans in attacking the problem of the national deficit. I want to caution Members that, if they consider amendments which would increase potential costs, they should think about what else they can find to cut to get us back to the budget.

As you know, the Committee on Merchant Marine and Fisheries has reported out cargo preference provisions that differ from those contained in H.R. 2100, as reported by the Agriculture Committee. While I hoped that this difficult issue could have been resolved by now, it will have to be disposed of during floor debate. I hope the House will remember in this debate that those of us in agriculture have no quarrel with the goal of maintaining an American merchant fleet. Where there are differing views on this issue, it is over means and not ends.

Mr. Chairman, I know that when the House debates amendments to this bill, we will be faced with many proposals to make changes in the Agriculture Committee's product. I appeal to Members today to consider those proposals in the light of what they may do to help—or hurt—a segment of our economy that is in great and sometimes heartbreaking distress today.

You may be asked to cut the programs for some commodities in this bill. When you face those choices, I hope you will think about more than the numbers. I hope you will think about the farm families who produce those crops.

You may be told that consumers will get cheaper food if Congress drives down farm prices. When you face that choice, I hope you will remember that driving down farm prices won't necessarily mean lower consumer prices. And I hope you will remember that the American consumer already gets the world's best food supply at bargain basement prices in comparison with average consumer income. We have poor and needy people in this country, but we try to help them with programs like the Food Stamp Program, which this bill addresses. For the average American consumer, however, food is a bargain—and it will remain a bargain if the House stands with our Agriculture Committee and adopts this bill.

This bill is a collection of compromises. It does not give any one group everything it wants. It does not go as far as many of us would like to go in improving farm income. But it does provide machinery that can help in the crisis we face while keeping within the budget. In that respect, this is a good bill for farmers, it is a good bill for consumers, and it is a good bill for the Nation as a whole. I urge the House to adopt it.

The following material was accidentally omitted from the section of the committee report entitled "Purpose and Need for the Legislation" and I include it at this time to complete that section of the report:

The Temporary Emergency Food Assistance Act [TEFAP] requires the Secretary of Agriculture to ensure that commodities

distributed under the program are not made available in quantities that are determined to result in substitution for commercial market sales. The determination is made by the Secretary of Agriculture.

According to a recent report by the USDA, substantial commercial displacement of margarine has occurred as a result of USDA butter donations. This report by Dr. James Zellner of the Economic Research Service indicated that during the 34 months of TEFAP operations, an estimated 428 million pounds of butter were donated, displacing 370 million pounds of margarine. For fiscal year 1985, USDA estimates a \$69 million loss in retail margarine sales as a result of butter donations and, assuming the margarine displaced came from soybean oil, a \$55-million reduction in soybean growers' receipts. The committee also received testimony indicating a negative effect on employment and manufacturing within the margarine industry as a result of commercial displacement due to TEFAP butter donations. In response to reports of displacement, USDA reduced by half the level of TEFAP butter donations effective August 1, 1985, from a monthly average of 12 million pounds to 6 million pounds.

The Agriculture Committee is concerned about the degree of estimated displacement of commercial margarine sales due to the volume of butter released under the TEFAP Program. The committee is likewise concerned that future donations of other products may have similarly negative consequences on other commercial sales and expects the Secretary of Agriculture to monitor this carefully. The committee bill maintains the language of current law restricting donation of commodities in quantities that the Secretary, in his discretion, determines will result in substitution for commercial purchases. To ensure that the Secretary will monitor this more carefully, the committee has added a requirement for an annual report to Congress on the occurrence and extent of any such displacement or substitution. The committee expects the Secretary to provide this report by January 1 each year.

The Secretary will also give consideration to the needs of the low-income population being served by the program.

#### TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1985

##### GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION

In recognition of the fact that grants provided for higher education in the food and agricultural sciences must serve to maximize the potential benefit from the provision of such funds, under the bill, the Secretary of Agriculture will be authorized to weigh the availability of matching funds.

Similarly, the Secretary will be allowed to weigh the availability of matching funds in making competitive grants to educational institutions to develop and administer programs in the food and agricultural sciences. In addition, the law will be amended to stipulate that such grants go to institutions with a commitment to agriculture and

the specific subject area for which the grant is to be used.

In order to expedite consideration and awarding of these grants, and avoid delays in the clearance of peer review panels, the panels will be exempted from the requirements of the Federal Advisory Committee Act.

##### EXTENSION AT 1890 LAND-GRANT COLLEGES INCLUDING TUSKEGEE INSTITUTE

In seeking to remove certain unforeseen inequities caused by the inadvertent termination of authorization of extension programs at 1890 land-grant colleges, including Tuskegee Institute, the law will be amended to make permanent this authority to such institutions.

##### DAIRY GOAT RESEARCH PROGRAM AT AN 1890 LAND-GRANT COLLEGE

In light of the progress made to date and the importance of research in this area, the committee bill will reauthorize the dairy goat research program at an 1890 land-grant college.

##### UPGRADING 1890 LAND-GRANT COLLEGE RESEARCH FACILITIES, INCLUDING TUSKEGEE INSTITUTE

In view of an inadvertent 1-year delay in funding the program to upgrade 1890 land-grant research facilities, the committee bill will amend the law to complete the 5-year authorization to fulfill the provisions of section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981.

##### PESTICIDE RESISTENCE STUDY

In response to disturbing new evidence indicating the growing incidence of pesticide resistance, the Secretary of Agriculture will be required to conduct a study and report to the President and Congress within 1 year on efforts to identify, monitor, and address the problems posed by pesticide resistance.

##### INTEGRATED PEST MANAGEMENT [IPM]

The Committee on Agriculture strongly urges the Department of Agriculture to maintain and strengthen its efforts to assist producers in the development, understanding, and implementation of integrated pest management [IPM] practices. It has been demonstrated that existing IPM efforts have greatly aided producers in the responsible and effective control of pests, and additional efforts are needed as the problem of pest management continues to grow. Moreover, the Secretary is to apprise the committee on a regular basis with respect to the nature and progress of its IPM activities.

##### DIETARY ASSESSMENT AND STUDIES

Consumers continue to be inundated with sometimes conflicting, sometimes erroneous, and frequently confusing information about the dietary and health consequences of the food they eat.

As the first step in an effort to provide consumers with more definitive information regarding the relationship, if any, between dietary and blood cholesterol, and the importance of dietary calcium as a nutrient, the Secretary of Agriculture will be required, in cooperation with other agencies of the Federal Government, to conduct an assessment of existing scientific litera-

ture available on these issues. The Secretary then will develop the protocol and conduct a feasibility assessment for a definite study by the Department of Agriculture on the relationship between dietary and serum cholesterol and the importance of dietary calcium as a nutrient.

Subsequently, the Secretary will report to the House and Senate agriculture committees on the results of his findings and the plans, including costs, for a definite study on cholesterol and calcium.

##### NUTRITION RESEARCH

The Department of Agriculture was designated, with passage of the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as the lead agency of the Federal Government for human nutrition research. Consistent with that designation, and in recognition of the interest and need of consumers for more and better information on human nutrition, the Secretary is instructed, under the bill, to submit within 1 year a comprehensive plan for implementing a national food and human nutrition research program, and to report annually thereafter to Congress on the human nutrition research activities of the Department of Agriculture.

##### SPECIAL GRANTS FOR FINANCIALLY STRESSED FARMERS AND DISLOCATED FARMERS

Although the Extension Service has performed admirably in recent months to provide financial management counseling to distressed farmers, additional assistance is needed to help farmers, including farmers actually dislocated, to find alternative forms of income.

Consequently, the Secretary will be required to provide special grants for programs to develop income alternatives for farmers. The programs eligible for the grants may include education and counseling services, financial planning and management strategies, and related features.

##### ANNUAL REPORT ON FAMILY FARMS

Since passage of the Food and Agriculture Act of 1977, the Secretary of Agriculture has been required to report annually to Congress on the state of the family farm in the United States.

Events of the past few years have demonstrated that among the most important factors affecting the viability of family farms are tax laws, investment opportunities, technological advances, the competitiveness of American agriculture, the success of Federal agricultural program objectives, and the cost and availability of farm credit. To ensure that these critical factors are assessed for their likely effect on family farms, the Secretary will be given the responsibility to consider these factors in preparing the annual family farm report.

##### BRIEF EXPLANATION

The major provisions of the Food Security Act of 1985 are briefly described below.

##### TITLE I—SUGAR

The bill extends, through the 1990 crop, the price support loan program for sugar beets and sugarcane.

##### TITLE II—DAIRY

The Dairy Unity Act of 1985—

(1) for the fiscal years 1986 through 1990—

(A) establishes price supports for milk under a formula that ties the support level to changes in the real cost of producing milk and adjusts the initial support level for each year to reflect changes in commercial demand for milk;

(B) authorizes the Secretary of Agriculture to adopt a milk supply-reduction program if projected surpluses exceed trigger levels, and requires him to do so if the projected surpluses exceed a higher trigger;

(C) provides for payments to dairy farmers who agree to reduce their production under the program;

(D) requires a reduction in the price of milk when a diversion program is in effect to cover costs of the program that exceed the costs to the Government of 5 billion pounds of milk; and

(E) directs the Secretary, when a milk diversion program is in effect, to purchase and distribute an additional 200 million pounds of red meat annually;

(2) directs the Secretary to study whether casein imports interfere with the milk price support program;

(3) creates a National Dairy Research Endowment Institute to be funded by revenues raised from milk producers and dairy product importers;

(4) requires the Secretary to increase differentials in a number of specified milk marketing orders;

(5) establishes a National Commission on Dairy Policy to study and make recommendations on the operation of the Federal milk price support program; and

(6) extends for five years (A) authority to transfer dairy products to the military and veterans hospitals, and (B) the dairy indemnity program.

#### TITLE III—WOOL AND MOHAIR

The bill extends for five years the present program of payments to producers of wool and mohair.

#### TITLE IV—WHEAT

The bill establishes a program for the 1986 through 1990 crops of wheat that would—

(1) extend and modify provisions for target price protection for producers;

(2) make available a price support loan program that is responsive to market prices; and

(3) establish acreage reduction programs that must be implemented if surplus stocks are large.

#### TITLE V—FEED GRAINS

The bill establishes a program for the 1986 through 1990 crops of feed grains that would—

(1) extend and modify provisions for target price protection for producers;

(2) make available a price support loan program that is responsive to market prices; and

(3) establish acreage reduction programs that must be implemented if surplus stocks are large.

#### TITLE VA—PRODUCER-APPROVED WHEAT AND FEED GRAINS PROGRAMS

The bill includes a program under which wheat and feed grain producers would have the opportunity, through referendum, to adopt a program under which cooperators under the voluntary program would obtain price support loans and marketing certificates. The program would provide for export subsidies to keep grain competitive in world markets, and producers who elect

not to participate (and, thus, do not receive marketing certificates) would be required either to feed their grain on their farms or export it at world market prices.

#### TITLE VI—COTTON

The bill establishes a program for the 1986 through 1990 crops of feed grains that would—

(1) extend and modify provisions for target price protection for producers;

(2) make available a price support loan program that is responsive to market prices;

(3) establish acreage reduction programs that must be implemented if surplus stocks are large; and

(4) direct the Secretary of Agriculture to issue marketing certificates to handlers when the world market price falls below the loan rate.

#### TITLE VII—RICE

The bill establishes a program for the 1986 through 1990 crops of rice that would—

(1) extend and modify provisions for target price protection for producers;

(2) make available a price support loan program that is responsive to market prices;

(3) establish acreage reduction programs that must be implemented if surplus stocks are large; and

(4) direct the Secretary of Agriculture to issue marketing certificates to exporters when the world market price falls below the loan rate.

#### TITLE VIII—PEANUTS

The bill generally continues, through the 1990 crop, the price support and marketing quota program that has been in effect since 1981, but makes certain modifications to reflect changed circumstances.

#### TITLE IX—SOYBEANS

The bill extends, through the 1990 crop, the soybean price support program, which allows the Secretary of Agriculture to make certain reductions in the loan level as necessary to maintain domestic and export markets for the commodity.

#### TITLE X—GENERAL COMMODITY PROVISIONS

The Agricultural Efficiency and Equity Act of 1985 adopts a revised system, to be reflected in permanent law, for establishing farm and commodity acreage bases and program yields for wheat, feed grains, upland cotton, and rice.

The bill also—

(1) establishes a \$50,000 annual payment limitation under the wheat, feed grains, upland cotton, extra long staple cotton, and rice programs;

(2) establishes a \$100,000 annual limitation on disaster payments under the wheat and feed grains programs;

(3) establishes a \$250,000 annual limitation on the total amount of nonrecourse loans that a person may receive under the 1986 through 1990 crops of wheat, feed grains, soybeans, peanuts, and tobacco;

(4) permits producers of wheat, feed grains, upland cotton, or rice to devote any part of diverted acreage to haying and grazing during eight months of the year;

(5) authorizes the Secretary of Agriculture to provide a supplemental set-aside and acreage limitation program for wheat and feed grains if such action is in the public interest because of the imposition of export restrictions;

(6) authorizes the Secretary to enter into multiyear set-aside contracts with producers of wheat, feed grains, upland cotton, and rice;

(7) authorizes the Secretary, in order to reduce the costs of a commodity program, to—

(a) purchase, on the commercial market, a commodity for which a nonrecourse loan program is in effect;

(b) settle the loan for less than the total of the principal and interest when the domestic price of a commodity will not cover the principal and accumulated interest on the loan; and

(c) reopen a production control or loan program for a major commodity for the purpose of accepting bids from producers for conversion of acreage planted to the crop to diverted acres in return for payments in kind from Commodity Credit Corporation stocks;

(8) modifies the provisions of permanent law relating to the producer reserve program for wheat and feed grains;

(9) authorizes the Secretary to make advance deficiency payments to producers if an acreage limitation or set-aside program is in effect for wheat, feed grains, upland cotton, or rice, and if deficiency payments will probably be made;

(10) authorizes the Secretary to establish an export certificate program for wheat or feed grains;

(11) requires the Secretary to dispose of certain surplus Government-owned stocks for purposes of emergency domestic food assistance and emergency humanitarian food needs abroad;

(12) authorizes the Secretary to make advance recourse commodity loans to producers; and

(13) authorizes the use of Commodity Credit Corporation stocks, at no cost or reduced cost, to encourage the purchase of such commodities for the production liquid fuel.

#### TITLE XI—TRADE

The bill—

(1) extends authorities under Public Law 480 of five years;

(2) raises the authorization for the title II program under Public Law 480 to \$1.2 billion annually;

(3) directs the Secretary of Agriculture to develop a payment-in-kind export assistance program to encourage expansion of farm exports;

(4) directs the Secretary, in coordination with the Special Trade Representative, to seek multilateral consultations to reduce the need for export subsidies and the likelihood of a trade war;

(5) provides for Government guarantees for at least \$5 billion in commercial short-term export credits in fiscal year 1986, plus at least \$325 million in direct export loans, for use in blended credit transactions; and

(6) broadens authority for intermediate-term export loans and extends for five years authority for an export credit revolving fund.

#### TITLE XII—RESOURCE CONSERVATION

The bill—(1) provides, with various exceptions, that persons who produce agricultural commodities on highly erodible land or converted wetlands will be ineligible for benefits under various Federal programs;

(2) establishes a conservation reserve program under which up to 25 million acres of highly erodible cropland may be converted from production of agricultural commodities in return for annual rental payments and Federal sharing in the cost of conservation measures;

(3) authorizes the Secretary of Agriculture to provide technical assistance to pro-

fect the quantity and quality of subsurface water; and

(4) extends the Soil and Water Resources Conservation Act of 1977 through the year 2008.

#### TITLE XIII—CREDIT

The bill—

(1) includes joint operations among entities that may receive Farmers Home Administration (FmHA) farm ownership, operating, and disaster loans;

(2) modifies the program for FmHA water and waste disposal programs for smaller and poorer communities;

(3) imposes a "family farm" requirement on the FmHA disaster loan program, and provides that eligibility for disaster production loss loans is to be determined on whether the applicant has suffered a disaster loss and not on whether the applicant is located in a disaster county designated by the Secretary of Agriculture;

(4) requires the Secretary to ensure that FmHA loan guarantee programs are responsive to needs of borrowers and lenders;

(5) reforms the provisions governing the composition of FmHA county committees;

(6) provides protection to purchasers of farm products from liens held by the creditors of the sellers if prescribed procedures are followed;

(7) authorizes the Secretary to make grants to enable public or private nonprofit groups to establish rural technology centers; and

(8) makes various revisions in operations of FmHA farm lending programs.

#### TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1985

The bill—extends for five years various authorities to fund agricultural research and extension programs, and makes a number of modifications in program provisions.

#### TITLE XV—FOOD STAMP AND RELATED PROVISIONS

The bill reauthorizes the food stamp program for five years, and makes various modifications in the Food Stamp Act of 1977.

#### TITLE XVI—AMENDMENTS TO THE TEMPORARY EMERGENCY FOOD ASSISTANCE ACT OF 1983 AND OTHER COMMODITY DISTRIBUTION PROVISIONS

The bill extends for two years the Temporary Emergency Food Assistance program.

#### TITLE XVII—NUTRITION PROGRAMS

The bill—

(1) expands consumer education services to low-income individuals; and

(2) directs the Secretary of Agriculture to include a representative sample of low-income individuals in conducting the Department's survey of food intake, and maintains the Department's nutrient data base.

#### TITLE XVIII—MISCELLANEOUS

The bill—

(1) establishes additional standards for the commercial processing of eggs for human food;

(2) requires that poultry and poultry products for use as food that are imported into the United States be subject to the same inspection, sanitary, and certain other requirements as poultry and its products produced in the United States;

(3) imposes more stringent requirements on inspection and other standards for imported meat and meat products;

(4) revises and strengthens the Beef Research and Information Act;

(5) establishes a promotion, research, and consumer information program for pork products;

(6) establishes a research and promotion program for watermelons;

(7) increases the maximum penalty for violations of marketing orders;

(8) prohibits the Secretary of Agriculture from terminating a marketing order for any commodity for which there is no Federal price support program, unless termination is favored by a majority of the producers involved;

(9) includes moisture content as a criterion in the official grade designations of grain if it is requested by the government of the country to which grain is shipped;

(10) provides for the establishment of a new grade for grain that exceeds current standards for United States No. 1 grade;

(11) improves quality standards for grain to be exported from the United States with respect to dockage, foreign material, and other factors;

(12) reforms the provisions of the Soil Conservation and Domestic Allotment Act relating to county and community committees;

(13) prescribes provisions to be included in Commodity Credit Corporation storage contracts to reduce costs;

(14) declares as a congressional policy that is in the public interest to maintain Federal involvement in providing agricultural weather and climate information; and

(15) strengthens provisions denying program benefits to persons growing marijuana or other prohibited drug-producing plants on land they control.

#### TITLE XIX—NATIONAL AGRICULTURAL POLICY COMMISSION ACT OF 1985

The bill establishes a National Commission on Agricultural Policy to conduct a study and report to Congress on the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices in the United States.

#### TITLE XX—NATIONAL AQUACULTURE IMPROVEMENT ACT OF 1985

The bill extends for three years, and makes various modifications in, the programs under the National Aquaculture Act of 1980.

Mr. ROBERTS. Mr. Chairman, I yield myself such time as I may consume.

Mr. SILJANDER. Mr. Chairman, will the gentleman yield?

Mr. ROBERTS. I yield to the gentleman from Michigan.

Mr. SILJANDER. Mr. Chairman, as I drive across my district, I can't help but notice the rich, varied agricultural resources God has blessed the land with. However, in spite of boasting the highest productivity level in the world, the farmers are now facing financial and market pressures of a greater magnitude than they've ever faced before.

After the short supplies witnessed in the early 1970's, the Federal Government took part in the promotion of "fence row to fence row" production of wheat, feed grains, and other foods. Credit was expanded and made more easily available to farmers and efforts were made to provide farmers all types of assistance in ways to achieve higher production levels. With the improvement in strains and varieties of

seed, forecasts of constant growth of export markets throughout the 1980's and a relatively low value of the dollar on foreign exchange markets, the farmers rose to meet the challenge.

Joining the farmer were a number of agencies and financial institutions. With land prices outdistancing inflation, export markets growing, crop prices and productivity increasing, lenders provided the farmers with large quantities of capital. One factor that was favorably viewed by the banking industry was the rapid appreciation of the value of farmland. Coupled with all of the profit factors associated with the land as productive unit, large scale credit expansion in the farm sector was facilitated.

Looking back, we see that this was a speculative move. Indeed, much of the blame rests on the very same institution that is trying to solve the dilemma of the farmer today—the U.S. Government. Providing low interest and guaranteed loans, the government lured farmers deeper and deeper into debt. They told them that virtually unlimited demand was assured for decades to come. They said that if a farmer was going to be a good manager, he would use debt to buy more land and machinery and to develop the land. So, with the blessing of the Government, the farm community catapulted itself into a debt position which is now recognized as being a total disaster.

At the same time, Government barns overflowed with surplus. The Commodity Credit Corporation [CCC] has continued to amass huge inventories of agricultural products. Intended as a tool to stabilize the production-demand relationship for food in our country, the CCC has been transformed into a tool for clearing the market of overproduction caused by bad Federal policies. One could say that the CCC continues to stabilize the price, keeping the price depressed through the market traders knowledge that the Government inventories will be sold at certain levels. In this way, a price "ceiling" is inadvertently enforced by the Government.

So, here we are in 1985. The agricultural community is being oppressed by high interest rates, decreasing land values, a high dollar, and ever-growing problems in maintaining export markets. With the European Community devoting approximately one-quarter of its budget, \$5.3 billion, to subsidizing its agricultural exports, we must make full use of our resources in maintaining our markets.

#### THE EXPORT BONUS PROGRAM

The same European Community, however, which is part of the problem provided me with insight into part of the solution last year when I participated in the annual meeting of the European Parliament. These discussions with Common Market Ministers inspired my Agricultural Export Trade Equity Act. And I am gratified that H.R. 2100 contains many of the provisions of that bill.

The key to these provisions is the principle of the "baker's dozen." In H.R. 2100,

this principle is woven through sections 1102 and 1104 through 1106 of title XI.

It provides that at least 75 percent of the commodities made available under title II for nonemergency programs be fortified or processed foods. And it reflects similar concern for the expansion of dairy product exports.

The baker's dozen principle in these sections also addresses the need for development of the foodhandling infrastructures in developing nations. And it acknowledges the importance of barter in the trade of our agricultural goods.

Finally, H.R. 2100 reflects the original intention of the Agricultural Export Trade Equity Act that the marketing and distribution of commodities not interfere with the usual marketings of the United States. Nor would the bill allow the resale of transshipped goods.

These are the positive farm initiatives I fought for in my own bill, and I enthusiastically support their incorporation in H.R. 2100. These, Mr. Chairman, are the measures that will return American agriculture to its former strength and stability.

Mr. ROBERTS. Mr. Chairman, this is not a pleasant time for Members who are privileged to represent our rural and smalltown areas, and who are privileged to sit on the House Agriculture Committee. We have been trying to do our very best with the farm bill for the better part of 9 months.

Right off the bat, I would like to pay homage and pay my respects to our chairman, the gentleman from Texas [Mr. DE LA GARZA], who has worked long and hard and very diligently, with much patience, and also with some persistence. He has had a chore I think very much like trying to push a rope, Mr. Chairman, and he has done it well.

I would also like to give credit to our ranking member, the gentleman from Illinois [Mr. MADIGAN], my good friend, who has also done a splendid job, as well as all of the members of the House Agriculture Committee who have had a difficult task trying to shape a farm bill that not many of us really agree with in regard to our individual preference, and we have had to try to fit that under a budget that some of us did not vote for, and as a matter of fact, very bitterly resent.

Having said that, I think all of the members of the Agriculture Committee did a splendid job under difficult circumstances.

Mr. Chairman, I yield 4 minutes to my friend and colleague, the gentleman from Vermont [Mr. JEFFORDS].

Mr. JEFFORDS. Mr. Chairman, I thank the gentleman for yielding.

As has been pointed out, this is an extremely difficult time for farmers.

I want to talk to you today about the dairy provisions of H.R. 2100. First of all, I want to thank this body for the confidence that it put in the Agriculture Committee and the subcom-

mittee the last time that we came before you with a program to handle the dairy situation.

As you well know, the dairy industry has been bedeviled by surplus milk production for several years now. Although this problem has been resistant to solution, I want to point out that significant progress was made last year in our efforts to balance the market for milk. More importantly, I want to point out that that progress was made because the House, after several earlier rejections, accepted the program recommendation of the Agriculture Committee.

Prior to 1980, milk production had seldom exceeded the demands of the commercial market. Indeed, milk production ranged only between 115 and 125 billion pounds in each of the 20 years prior to 1980. Much of the credit for this remarkable stability over time is due to the dairy price support program. Established in 1949, it was designed to stabilize production and thereby stabilize milk supplies and prices. Its success is an example of the tremendous value that a well designed agricultural program can produce for farmers and consumers like.

Things started to go awry, however, in 1980. Milk production began to grow at a rate greater than that at which commercial demand was increasing and the surplus consequently began moving to the Government. Whereas in 1979, the Commodity Credit Corporation purchased only 1.1 billion pounds of milk—less than the Federal Government's own needs for food assistance programs—in 1983 the CCC bought 16.8 billion pounds of surplus. Over that period of time, the Agriculture Committee came before the House with several recommendations that it felt would turn the situation around. In 1982, for example, the committee urged adoption of a two-tier pricing system which would have balanced supply with demand in very short order. The House accepted the proposal only to see it lost in a budget reconciliation conference which instead approved the disastrous "\$1 assessment" program. This rejection of the committee's recommendation was only one of several that caused the surplus situation to grow worse instead of better.

I do not wish to belabor the point. I make it because every time in the last few years that the House or Congress has chosen to ignore the Agriculture Committee's recommendation, the surplus has grown worse and the burden to the farmer and the Treasury that the surplus creates has been exacerbated.

In 1983, the House and the Congress accepted a series of changes to the dairy program that the committee had developed in conjunction with the dairy industry. This program effected the first reduction in milk marketings

and Government outlays since the onset of the surplus in 1980.

I want to spend a little time discussing that plan so that you may understand just how good a decision the House made in approving it. Dubbed the "Dairy Compromise" by both its supporters and detractors, the committee's legislation caused milk marketings to drop by 5 billion pounds, CCC purchases to decline by 8.5 billion pounds and Government outlays to fall by more than \$1 billion. These changes occurred in 1984 and were the first such reductions in 5 years.

The heart of this plan was a milk diversion program. Even though it was to be financed by dairy producers themselves, the diversion became a source of considerable controversy. Those who decided, for one reason or another, to oppose this effort to balance the milk market argued that we should merely cut the support price by \$1.50 per hundredweight. They claimed that this act alone would straighten things out and that, in fact, the diversion would only make matters worse.

Who then was right? At the time, Members could certainly be excused if they felt confused by the cacophony of competing claims. After all, the diversion was a new and untested idea. What we did know, however, was that price cuts alone would not accomplish what was necessary. USDA noted that, in the past when the support price had been reduced in an effort to turn back unnecessary production, the cuts had reduced milk production only slowly—over 18-24 months—and at great cost to individual dairymen. The committee, cognizant of the need to reduce the cost of the dairy program immediately as well as to maintain farm income at reasonable levels, felt that a short-term supply management program would be required. It, therefore, recommended a diversion program.

This past July, the Government Accounting Office released the results of a self-initiated analysis of the committee's product. It concluded that the diversion program "was responsible for reducing 1984 milk production by about 3.74 to 4.11 billion pounds below the level that could otherwise have been expected. In addition, about 705 million pounds of the milk produced was used on the farm and not marketed because of the program. Because this milk would have added to the surplus and would likely have been purchased by USDA, GAO estimates that 1984 purchase costs avoided by the program could be from \$614 million to \$664 million." GAO/RCFD 85 126 "Effects and Administration of the 1984 Milk Diversion Program."

What could otherwise have been expected would have been the result of the support price reduction that oppo-

nents of the committee's plan urged upon this body. History now confirms that, had we accepted their recommendation, Congress would have unnecessarily added over 5 billion more pounds of milk to CCC stocks and over \$0.6 billion more to the deficit.

We wisely rejected the arguments of the price cutters who sold their plan as a simple reduction of the support price. I was reminded then of H.L. Mencken's comment that "for every complicated problem, there is a simple—and wrong—solution". There is no doubt in my mind that the price cutters were simply wrong.

Strange as it may seem, they are back again this year. The problem of surplus milk production has not gone away. Because the diversion program was limited to only 15 months' duration, no permanent reduction in milk production capacity was made in 1984. The gains that were made last year, however, were clearly the result of the committee's recommendation. As the GAO points out, the price-cut alternative would not have anywhere near the effect that the diversion produced.

In spite of this lesson, you will next Thursday be presented with more of the same arguments that were used to convince you in 1983 that the best way to eliminate surplus milk production is to simply reduce the support price. This time, the price cutters will argue that a 50-cent reduction in the support price next year, followed by 50-cent reductions each year thereafter until Government purchases fall below 5 billion pounds, are just what you and, believe it or not, dairy farmers have been looking for. I submit to you that the price cutters are as wrong this time as they were in 1983 and that the conclusions of the GAO report with regard to the committee's 1983 proposal provide good insight into this year's debate. Will the House be beguiled by the siren song of those who apparently have not learned from past experience, only to find itself battered on the rocks of illusion?

I hope not. The committee has put together a proposal that will produce much the same benefits in the short term that the 1983 legislation produced, and that will moreover, finish the adjustment to supply that was started last year.

The GAO report demonstrate that short term supply management has a salutary effect and that price cuts alone do not work. The committee's dairy proposal that is contained in this year's farm bill builds on the success of last year's program by incorporating a short-term, farmer financed milk diversion program to reduce Government removals and costs quickly. It adds an exciting new feature, however, that deserves special attention. If there was a drawback to the committee's 1983 plan, it was that the diversion did not reduce cow numbers suffi-

ciently. Cow numbers are important because they are at the root of our current dilemma. The dairy industry is the most productive industry in the country. Over the years, it has worked to increase the output of its cows so that consumers might enjoy lower real costs for nature's most perfect food. I might note that, while the Consumer Price Index has risen — percent over the last years, the index of all dairy products has risen by only — percent, an amount that is less even than that for all foods. Consumers have been the primary beneficiaries of this increased farm productivity.

For most of the last 30 years, the number of cows being milked by farmers in the United States fell at a rate that just about exactly offset the rate of increase in yield per cow; the result was the remarkably even production from year to year that I cited earlier.

In 1980, however, cow numbers began to increase. Because yield per cow continued to increase, milk production began to outstrip commercial demand. Last year's milk diversion reduced milk production and Government costs, as GAO points out. It did not, however, do so through a lasting reduction in cow numbers. As a result, no significant reduction in the number of "machines" that make milk was affected.

The committee, therefore, decided to confront this fact head on. Recognizing that financial pressures require that cows raised to milking age—as some 11 million animals have been at this point in time—be put in the barn and milked, the committee has included a dairy herd reduction program in this year's farm bill. Its purpose is to remove from the Nation's dairy herd the 600,000 to 700,000 mature cows that produce the milk that is today being made in excess of commercial needs. We propose to achieve this goal by offering producers a financial incentive, again funded by the dairy industry itself, to sell their herds for slaughter or export, and thereby, permanently reduce the number of animals being milked in the United States.

Such an effort will reduce milk production quickly and dramatically, 7.5 billion pounds being our target. In so doing, it will reduce Government purchases of surplus milk by a like amount in 1986 alone. The savings that will accrue to the Federal Government will be in excess of \$1 billion. The reduction in purchases will essentially get the Government out of the milk business.

The dairy farmer will benefit by virtue of the fact that the surplus that is now responsible for depressing his prices and income will be eliminated. Instead of merely making more milk in order to maintain a decent standard of living—a self-defeating approach in the long run, farmers will receive an

adequate return for their milk and be freed from the treadmill of ever larger production.

These accomplishments are the same that we sought and achieved in 1984 with the dairy division. This proposal will, in my opinion, finish the job where we left off.

In all fairness, I must say that the committee did explore the option that will next Thursday be raised as a substitute for the committee's bill—a price cut. It rejected this approach, however, for several very important reasons.

Price cuts do eventually reduce milk production because they force enough farmers out of business. Even if one were to ignore the myriad economic and social problems created by such an event, this method of eliminating cows is extremely inefficient. When a producer sells out, he generally has an auction. Most of his cows, instead of going to slaughter, move into a neighbor's herd. As a result there is very little, if any, net reduction in cow numbers and the problem of surplus production is not effectively addressed. The dairy herd reduction program, by actually buying out those cows and sending them to slaughter or export results in a direct reduction in cow numbers. From a purely practical point of view, it is far superior.

The dairy herd-reduction approach will quickly reduce milk production, Government removals, and budget outlays. Under the price cut scheme that will be offered as an alternative to the Committee's plan, cow numbers will not drop very quickly. They will, therefore, continue to make milk which, having no commercial home, will move to the Government.

The Congressional Budget Office has analysed these two approaches and has also concluded that the committee's proposal will result in considerably greater budget savings than the price cut alternative and that these savings will accrue more quickly than under the price cut plan. Over the 3-year period that the budget considers, 1986-88, the committee's proposal will cost \$495 million less than the price cut alternative. We cannot in good conscience turn our backs on savings of this magnitude.

The committee did look at the possibility of reducing cow numbers and Government costs through the use of support price reductions alone. Analysts at the Congressional Budget Office, however, advised us that a reduction of over \$1.50 per hundred-weight would be necessary in 1986 to achieve the spending levels that the Budget Committee is demanding. I shall not belabor the point, but I think that you can understand why the committee rejected this approach out of hand. A reduction in support of that magnitude would devastate the dairy industry and jeopardize our ability to

supply our own needs for milk. To create such a situation would be the height of insanity.

This exploration, of course, pointed up one other difference between the committee's plan and the price cutters' approach. As you are no doubt aware, farm income has fallen to record lows. A frustrating set of circumstances has conspired to reduce farm income more than at any time since the changes that occurred during the Great Depression. The 1983 diversion program had the salutary effect of increasing the price that farmers received for their product at the same time that it reduced production and Government costs. Does that seem too good to be true? It shouldn't. By reducing production, the diversion program tightened up commercial milk supplies—everyone's stated goal. The result was that market prices rose above the level that would have otherwise prevailed. In New England, for instance, farmers received 27 cents per hundredweight more for their milk than they would have received had we not had the diversion.

Put another way, had Congress merely enacted the \$1.50 per hundredweight support price reduction that was proposed in 1983 as an alternative to the committee's bill, New England dairy farmers would have received 27 cents less for their milk than they actually did in 1984.

Thursday there will be those who urge you to adopt the mistake that we avoided in 1983. They will ask that you believe that a 50-cent per hundredweight reduction in the support price will solve the problem before us. It won't. Only by cutting the price by \$1.50 over the next 3 years will we drive enough farmers out of business that surplus milk production will finally be reduced. Because this mechanism will work so slowly, the Government will be forced to spend almost a half billion dollars more than the committee thinks necessary to achieve our goal. In the process, the surplus that will persist for the next 3 years will depress farm prices and ruin many farmers who are already struggling to survive. I cannot think of a crueler or more senseless way to get where we want to go.

I am the first to admit that there is no proposal that is perfect in every respect. The dairy surplus is too complex a problem to expect that there could be a perfect solution. I am convinced, however, that the committee's direct approach of treating the cause of the surplus—the number of cows on farms today—is the most effective and considerate way to deal with this situation. Just as the diversion did in 1984, the herd reduction/diversion features of this bill will reduce surplus milk production quickly. Net removals will fall from 11.5 billion pounds this year to less than 5 billion pounds in 1986.

The cost of the dairy program to the budget will fall from nearly \$2 billion this year to less than \$800 million next. Farm income, instead of being depressed by a Government policy that does not work—the price cut—will be buoyed because the market reacts to a balanced relationship between supply and demand.

I urge you to support the committee's bill. It was not put together lightly. It is the product of hard analysis and work. The dairy industry has shown a remarkable amount of concern for the problems that the surplus causes to the Federal Government. No other commodity group has been so willing to sacrifice in order to set things right.

The committee is not asking you to go on a blind date. The GAO report clearly demonstrates that the diversion did what the committee said it would when we asked for your support in late 1983: reduce Government purchases by 5 billion pounds, reduce budget outlays by \$600 million, and strengthen farm income. These are the things that the committee said would happen in 1984 and they did indeed come to pass. I believe that the proposal that we are offering you now will perform as well in the short term and that it will, because of the dairy herd reduction program, produce the lasting solution that we have all been seeking. I also believe that the alternative to be presented by the price cutters, well intentioned though they may be, will absolutely not work.

Please do not vote to add nearly one-half billion dollars to the deficit. Please do not vote to throw the committee's farm bill over budget. Please do not vote to keep the Government in the business of buying an unneeded surplus of milk. And most of all, please do not vote to cut farm income in this time of stress in farm country. All of these things you will do if you vote to support the price cut amendment that will be offered to the committee's bill.

When it comes right down to it, the question will be whether or not you will let our dairy farmers pay for a program to solve their problems and to preserve their income, or whether you will take a substitute, which if it works at all, will cut the net income of dairy farmers by 70 percent and force 4,800 of them out of business. Help us finish the job that we made so much progress on with our last recommendation. Stay with your Agriculture Committee one more time.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Tennessee [Mr. JONES], chairman of our Subcommittee on Conservation, Credit, and Rural Development.

Mr. JONES of Tennessee. Mr. Chairman, I rise in support of the farm bill. This bill is a long way from what I think American farmers need. It has

many shortcomings but it has some strong points as well.

The commodity price support programs I feel are generally inadequate in that they do not provide sufficient mandatory production controls or price guarantees. However, the farmer referendum tied to the Voluntary Marketing Certificate Program on wheat and feed grains is a move in the right direction. This program should be expanded to other commodities.

I also support the compromise dairy program and encourage my colleagues to support it. The dairy proposal does not please dairymen in all regions but it is a true compromise, and I believe it serves the interests of the industry as a whole and will help ensure that American consumers will have a dependable supply of milk and dairy products.

Further, I am extremely proud of the resource conservation title. This package, which includes a conservation reserve, sodbuster and swampbuster programs, is probably the most comprehensive soil conservation package ever to come before the House.

I plan to support the bill. American farmers are in deep trouble and we must keep the legislative process moving, attempting to improve the bill where we can.

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Mr. ROBERTS. Mr. Chairman, I yield 6 minutes to the gentleman from Michigan [Mr. SCHUETTE].

Mr. SCHUETTE. Mr. Chairman, I thank my friend and my colleague from Kansas [Mr. ROBERTS], and before I give my general comments on the most important piece of agricultural legislation since the 1930's; yes, this 1985 farm bill, I want to offer my congratulations to Chairman DE LA GARZA and our ranking member, the gentleman from Illinois [Mr. MADIGAN], for the able leadership and the demonstrated competence that both of these individuals handled this tough, tough situation that we have in agriculture today.

Now there are problems, and there is a depression, and a crisis, and severe stress facing agriculture producers, American farmers, all across rural America and in the 10th district in mid-Michigan. I think my producers, my farmers are no different than the symptoms and the problems facing farmers across this land.

These are human problems involving families, and men, and women, young, and old; and we have a rich tradition in this country, of agriculture. It is a fabric and a vibrancy that has helped this great land. I recognize this as an advocate for agriculture, in seeing the problems we have in Michigan.

These problems, yes, are severe, and they are many. From low, low prices—I see it at B&W Co-op in Brecken-

ridge, MI; corn at 188—we have severe problems. Land values that have deteriorated in some instances across this country by 60 percent; a high exchange rate, a strong value of the dollar means that our agricultural exports are not priced competitive on world markets.

We see unfair foreign subsidies impacting what American producers receive, and can we sell products on foreign markets.

Some folks say some of these problems have been brought on by the farmer. I wholeheartedly reject that, because the farmers didn't cause high interest rates or the strong value of the dollar, or did not bring the grain embargoes which have caused some of the problems we have had.

No on each of those three points. The Government caused the high interest rates and the strong value of the dollar, and the grain embargo; as a matter of fact, I think that the Federal Government has aided, and abetted, encouraged, and enhanced many of the problems facing agriculture today.

Farmers do not want a handout, no, sir; but they need help to get through these tough times particularly when many of the problems they are facing have been caused by the Government itself.

Now, I think there are many positive thrusts in the 1985 farm bill; the conservation reserve that Mr. JONES spoke of, and tough sodbusting provisions coupling with the conservation reserve to get some of that fragile, highly erodible ground out of production.

I think we have seen efforts on the trade side; a bonus commodity program, a baker's dozen approach to compensate for that strong value of the dollar. Export certificates.

We see strong sugar legislation, maintaining that existing program, because I know many of my sugar beet growers in mid-Michigan is the only means of stable income when we have seen such a drop and a shortfall in prices; and that is an important aspect of this bill.

We are maintaining income bridges with deficiency payments, and the nonrecourse loan. We had very strong cargo preference language which we will come and revisit in this body, to help address the unfair level playing field of the high dollar, unfair subsidies, and that tax, that end cost where it hits farmers right in the juglar due to the cargo preference problems.

Now, mind you, there are some controversial measures that this body indeed will debate and discuss next week, and I will be a part of that as well.

Mr. Chairman, I think it is important that we all realize that this farm bill is not perfect, and it would be far easier for all of us to draft and craft a bill for our own district or for our own

State; but the situation is not that simple.

During the debate, I would urge my colleagues that we work for a couple of goals: No. 1, let us provide some hope for today to American farmers; try to minimize the hardship. Find ways to provide some income and better prices for farmers and rural America that are under great hardship.

There is a fabric and a linkage between a healthy and strong small business community; the merchant, the hardware storeowner, in a rural area and a healthy agriculture. It is a two-way street. It is a linkage, and it is part of that fabric that has made this country so sound.

I think, in addition, for hope for today, we need to have some hope for tomorrow, for long-term prosperity in Agriculture.

I will close with one comment, Mr. Chairman. I read a book the other day, and took out a page. It is by Louis L'Amour, called "Hondo."

A father and a daughter were talking and the father said:

"We hold" the land "in trust for tomorrow. We take our living from it, but we must leave it rich for your son and for his sons and for all of those who shall follow."

I think we need to remember that; that we keep this tradition and fabric of agriculture rich and prosperous; and those are the deliberations and those are the discussions that we will have. Hope for today, and some opportunity for healthy, long-term agriculture.

Those are our goals and our efforts in this farm bill.

MR. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Iowa [Mr. BEDELL], chairman of the Subcommittee on Department Operations, Research, and Foreign Agriculture.

Mr. BEDELL. I thank the chairman for yielding, and I would like to associate myself with the remarks that were just made by the gentleman from Michigan Mr. [SCHUETTE].

Mr. Chairman, we do not have to repeat the problems that exist in agriculture today; the fact is that agriculture is in trouble, and we can either do something about it or we can say no, we are not going to worry about it.

I think the committee has really addressed this problem very actively. Let me tell you that I support what that committee has done on the various commodities, and I think we need to hold that together; because whereas sugar may not have much to do with my people, or peanuts, the fact is we are either going to work together and try to help each other, or we are going to continue to have problems in different areas.

It is no secret that my amendment is one of the major parts of this bill. There is a lot of misunderstanding of

my amendment and what it would do. My amendment would simply say that first of all, we are going to try to give farmers better farm income; and if we are going to solve our farm problem we have to do that.

Second, it would say we are going to have the strongest export program we can possibly have, and wherever prices go, we are going to meet those prices and stay competitive.

Third, it says that we are going to have a program which will cost the taxpayers even less, if the farmers vote for it, than what it would otherwise cost.

Finally, we are going to say maybe the farmers ought to have a say in what their program is going to be, and maybe they should get to have a vote.

I cannot understand why people would say that farmers should not have any opportunity to vote on what their future should be. I will say that I think we need to hold this bill together; I think we need to prevent weakening amendments that may be offered for any commodities, and I want to again commend the chairman for what he has done and I want to commend the committee for the way they have worked on things—we have not always agreed on everything, but at least we have worked hard together, and I believe that what we have come out with is generally as good as we could have hoped for under the circumstances.

I sincerely believe, Mr. Chairman, that an objective reading of the Bedell provision will show that it is the only farm program proposal to simultaneously: First, offer the hope of improved farm income; second, provide farmers the opportunity to vote on a new direction in farm policy; third, assure that wheat and feed grain prices become competitive in the export market; Fourth, allow livestock and dairy producers to grow and feed as much of their own grain as they wish; and fifth, keep farm spending within the levels required by the budget resolution.

Mr. Chairman, the deepening credit crisis in agriculture, and the months of hearings, and debate which preceded committee consideration of the 1985 farm bill, have produced calls that a new farm bill meet two important tests.

First, in light of the worsening farm credit crisis, many in agriculture have expressed the belief that new farm legislation must offer the prospect of increased farm income. Second, they have also stressed that, because of the perception that traditional farm programs have failed in their intended purpose to maintain farm income and preserve the family farm, farm programs for the remainder of the decade must reflect an innovative and significant new direction in farm policy.

The voluntary marketing certificate program—the Bedell provision embodied in title VA of H.R. 2100—has involved in an effort to meet these two tests. Furthermore, because of the fundamental shift which the

proposal represents from current farm programs, farmers are provided an opportunity, in the form of a referendum, to accept or reject this policy alternative.

The program was conceived out of recognition that farmers receive their income from only two sources: the Government and the market. During an era of budget restraint, in which agriculture must absorb its share of budget reductions, it is apparent that fewer Federal funds will be available for basic farm price support programs. Consequently, if farmers are to receive higher farm income—and they must if agriculture is to weather its current crisis—then farmers have to rely on the market for more of their income.

The market for agriculture includes both foreign and domestic sales. Currently, the outlook for exports sales, most observers agree, does not look bright even assuming enactment of subsidy programs or reductions in commodity price support levels. Thus higher prices obtained in the domestic market offer the only real hope of increasing farm prices and sustaining farmers' income.

Although the marketing certificate program seeks to obtain increase farm income from domestic sales, it by no means concedes to our foreign competitors any advantage in completing for international sales. In fact, the marketing certificate program, through its mandatory export subsidy provisions, absolutely assures that U.S. exports of wheat and feed grains will be fully price competitive with those of other countries.

The marketing certificate program is designed to achieve improved farm prices while minimizing any adverse impact on the domestic livestock or dairy industry. Under the program livestock producers may opt to forego eligibility for price support loans and marketing certificates, and plant fence row to fence row, as long as all the grain they produce is consumed on provisions would result in a 3-year savings of \$5.4 billion, well under the savings required by the budget resolution and nearly \$1.6 billion less than the underlying provisions of H.R. 2100. The savings are achieved even after including the cost of the aggressive export subsidy program included in the provision.

Mr. Chairman, in 1932, during extremely difficult times in agriculture not unlike the farm crisis we face today, Franklin D. Roosevelt declared:

The country needs and, unless I mistake its temper, the country demands bold, persistent experimentation. It is commonsense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something.

Mr. Chairman, we have heard the empty rhetoric and we have seen the hand-wringing by those who claim that we must have better prices in agriculture. However, many of these same individuals seem prepared to endorse a program that by all estimates will lead to still lower prices in agriculture and force many thousands more off the farm. These same individuals have criticized alternative proposals, but they have

failed to offer one of their own. I have placed the voluntary marketing certificate program on the table because the times demand that we heed Franklin Roosevelt's challenge and give farmers the chance to try something new in agriculture.

I urge my colleagues to give H.R. 2100 their full support, and to oppose any weakening amendments.

Mr. ROBERTS. Mr. Chairman, I yield 6 minutes to the distinguished gentleman from Montana [Mr. MARLENEE], the ranking member on the Subcommittee on Wheat, Soybeans, and Feed Grains.

Mr. MARLENEE. Mr. Chairman, this is the most important farm bill in our history. Never has there been a crisis of this magnitude in agriculture and never has the agriculture industry in America been in such urgent need of responsible farm policy.

There are many provisions in this bill that meet this challenge. Regrettably, however, there are some major provisions in the bill as reported out of the House Agriculture Committee which I will strongly oppose.

Farmers are not looking for Government paychecks, enormous bailouts or outright handouts. Farmers want policy tools that will enable them to compete in a cut-throat world grain market. That is all—just to compete. If American agriculture is allowed to compete, it will win. Given the opportunity, American agriculture will be both successful and profitable.

During a 3-week period this spring, the United States lost 1.3 million metric tons in wheat sales. France and Argentina underbid us by about \$25 per ton. This type of drastic underbidding, once extraordinary, is now common, and the United States is always on the losing end. It is not the farmer's fault, but they are forced to shoulder the burden.

We can regain world markets, and this goal is paramount if the 1985 farm bill is going to be successful. The problem is this:

Current farm programs do not address the problems facing agriculture and ignore solutions to help us compete on the world grain market. Agriculture will continue to suffer until the problems are properly addressed.

The underlying wheat and feed grains provisions—called the Foley-Marlenee provisions—meet the challenge of the crisis in agriculture. The Foley-Marlenee language provides basic income protection and policy tools to make U.S. wheat competitive on the world market. While it isn't a perfect program, it represents a significant improvement over current programs and offers stability to producers. It also gives producers an opportunity to make long-range farm management plans, which has been sadly lacking during recent programs.

Foley-Marlenee retains the current target price of \$4.38 per bushel and es-

tablishes a fluctuating loan rate designed to make U.S. wheat attractive to potential world buyers.

It is a straightforward, basic program that will provide income protection and enable competitive pricing of wheat and feed grains.

Our original proposal was to freeze wheat and feed grain target prices for 2 years at 1985 levels—\$4.38/bushel for wheat and \$3.03/bushel for corn—with a lowering of 5 percent in 1988 and 1989. However, the Glickman amendment, which I supported, prevents the Secretary from lowering the target in 1988 and 1989 unless the costs of production for wheat and feed grains is 5-percent less than the previous crop year.

Our underlying provisions with the Glickman amendment provides the surest means of protecting income to farmers during the current period of financial stress.

Loan rates will be subject to increased flexibility to enable competitive pricing of wheat and feed grains. The basic loan can be reduced by not more than 5 percent. In addition, the proposal expands the Findley provision by giving the Secretary of Agriculture authority to reduce loans up to 20 percent. If the Secretary were to initiate both of these loan authorities to the maximum, a 25-percent reduction would be implemented.

The continuation of the target price program and the expansion of Findley provision authority will produce market results.

I would emphasize that the National Association of Wheat Growers support the position we have taken. Likewise, the Montana Grain Growers Association also supports the income protection provided by the bill and the setting of loan rates at world-competitive levels.

The committee also approved two discretionary export programs. Under the export certificate program, which I sponsored, producers of wheat and feed grains could be given export certificates for the percentage of their crop available for export—excluding the promotion of the crop expected to be added to carryover stocks. The certificates would be given a cash value and the Agriculture Department would redeem them from exporters, thus providing producers with a possible source of income and allowing exporters to sell abroad at more competitive prices. Under the other plan, producers of wheat and feed grains would be given export marketing certificates for the percentage of their crop estimated to be destined for export. These marketing certificates would have no face cash value, but exporters would be required to hold certificates when they exported grain.

In sum, the underlying provisions for wheat and feed grains will provide

income protection, long term continuity and stability and will allow our products to become world market competitive without taking it out of the pockets of the producer.

Regretfully, on the last day of full committee consideration an amendment was accepted to the wheat and feed grain provisions already discussed which could have a devastating effect on American agriculture and on our exporting ability.

Before reporting out the bill, the committee approved a provision for a producer referendum on marketing certificates for wheat and feed grains. If 60 percent or more of the producers of wheat and feed grains, including at least 50 percent of the wheat and 50 percent of the feed grain producers, vote affirmatively, then marketing certificates would be in effect for the 2 following years. I have consistently voiced my concern about the severe mandatory supply controls which could require set asides of up to 50 percent that have been a part of all referendum proposals before the House Agriculture Committee. The referendum language reported by the committee is a back door mandatory control program based on marketing certificates. With this provision producers must participate in Government programs to receive the marketing certificates. Those not in the program would be required to either consume their production on their farm or sell the grain for export at world prices. While this is supposedly a voluntary program, all of agriculture would be impacted by the program. Those in the program would have to sharply cut production to meet a shrinking demand base, perhaps as much as 50 percent. Livestock and poultry producers who purchase feed grains would face a rapid increase in feed costs. Those grain producers outside the program and producing for export markets would face Government subsidized competition from those inside the program.

I will continue to argue against the referendum approach to farm programs as long as the provisions that would be triggered by such a referendum dictate a strong mandatory supply program. This program will further involve Government in agriculture and will not help our individual producers.

There are some very subtle and threatening parts of the conservation title of H.R. 2100 as adopted by the committee. This legislation would require the Secretary of Agriculture to withhold all farm program benefits, as well as Farmers Home Administration loans and Federal Crop Insurance, from any producers who break out even a minute amount of highly erodible soil that has not been in production since 1980.

Also included in the bill is a swampbuster provision that would deny farm program benefits to farmers who convert wetlands to any crop use.

The average producer, and all of us, are rightly concerned about the massive plow-outs we have witnessed in recent years. However, in this legislation, the committee has lost the goal of stopping sod-busting and instead seems to want a program of environmental control. Such actions pave the road of regulations through the producer's front door right up to the kitchen table, which leads to the question—who's going to control the environment on the farm, the producer or Government agencies?

In the meantime, does this bill actually stop the massive sod-busting that it purports to address? The answer is no. While farm program benefits are one incentive for the massive breakage of land that is done by sod-busting speculators, their chief incentives are the doubled resale value of the broken land and increased borrowing power. It is the quick money mentality of the speculator that must be addressed by soil conservation legislation.

How many producers will unknowingly plow a handful of marginal acres in order to streamline a field, only to discover that he has lost all of his farm program benefits in the process? How many producers will plow up a field that he had farmed for years, but has had in a cover crop since 1979, in his field rotation cycle only to find out that he has lost all farm program benefits? My estimate is quite a few.

The bill also includes a good long-term conservation reserve to remove up to 25 million acres of cropland from production and place that land into a conserving use. This provision will help reduce our surplus production, and producers will receive the necessary incentive and assistance to carry this out.

However, it is vital that our farmers know that once they place this land into the conservation reserve, this land is subject to the sod-buster provisions of the bill when their contracts expire. Farmers must be told this up front, and be offered a conservation plan by the Soil Conservation Service upon the producer's request.

I have discussed this matter with the Assistant Secretary of Natural Resources and Environment of USDA, and I have been assured that the Soil Conservation Service is willing to work with us to see that this is accomplished. It is absolutely vital that farmers know what they must do to bring this land back into production.

The committee has addressed an issue of great concern to our family farmers—the threatened elimination of an effective crop insurance program by the management of the Federal Crop Insurance Corporation.

An effective crop insurance program is vital for our family farmers. The ability to obtain proper levels of crop insurance coverage can protect our already embattled producers from total ruin.

The management of the Corporation has proposed changes in the methods of determining levels of insurance coverage for farmers that would force countless producers out of the program, and possibly out of farming altogether.

The committee recognized this danger and has included report language in the bill that expresses the opinion of the committee that the Corporation must not make changes that unfairly lower insurance coverage for our farmers.

The House Agriculture Committee worked hard to produce responsible titles. However, it is my belief that our farmers, first and foremost, want stability income protection and continuity in their farm legislation. In my view, a mandatory supply program is the weakest part of the legislation that the committee reported. A possible referendum vote that could occur each year, triggering a different farm program, would not give the farmer a consistent and stable farm program. Also, mandatory production controls would effectively eliminate U.S. commercial sales of wheat, and exports of corn and soybeans would decline dramatically.

I believe along with my chairman that we have a good product for these times, one that will protect income and provide for export sales.

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Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Virginia [Mr. OLIN], a distinguished member of our committee.

Mr. OLIN. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of enacting a good farm bill. We need one. I would like to commend the chairman for his work and skill in bringing this farm bill to the floor of the House. Most of the bill has very broad support. I think there are a few aspects of it that need to be modified a bit. One of those is the dairy title. I will be offering an amendment.

I represent nine counties in Virginia. I have the two largest dairy counties in the State. There is dairy in every part of the district. My dairy people want a policy that gives them predictability and stability so they can plan. None of these dairy farmers are planning on going bankrupt. They are urging me to go ahead with the program I am proposing.

I would like to talk about the cost just for a minute. In recent years, the CCC purchases have been in the range of 8 billion, 10, 13, 16 billion pounds of

milk, running anywhere between 1½ and 2 billion. We need to get those surpluses down and keep them down. My amendment would do that. The only cost of the amendment is CCC purchases. They will reduce every year, starting next year. By the third year, they will be lower than those in the committee bill. By the fifth year, they will be at \$600 million, half of today's cost or less.

The committee bill will require continual CCC purchases over \$1 billion or other subsidies, 1.1 billion every year. That bill will cost \$500 million more than I am proposing. On top of that, the taxpayers will pay for the additional cost of milk for the Government food program of about \$2 billion over the term of the bill. The consumer is probably going to pay something like \$11.5 billion more for their milk.

There is no question at all in my mind that the program I am proposing is going to be good both for the farmers and good for the country.

I urge the Members to support the amendment.

Mr. ROBERTS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. COMBEST].

Mr. COMBEST. Mr. Chairman, I think all of us on the committee have mixed emotions about what we are fixing to undertake, consideration of a farm bill. I think we are glad it is here. I think many of us have mixed emotions about various portions of it. I would like to say that I commend the chairman, the gentleman from Texas, and the ranking minority member, the gentleman from Illinois, and every member of the committee for what I feel was a very bipartisan effort in developing legislation for probably one of the most significant parts of our economy today, certainly one which I think is probably in more of a distressed condition than almost any other segment. While many of us may have differed in the direction we wanted to go, I think each of us had the same objective in mind of where we wanted to be. And that was in developing some type of a farm program which we all know in itself is not the salvation to agriculture but which is a significant part of it, in developing a type of program which provides some income protection to agriculture. I do not believe in my lifetime I have ever seen agriculture in such a distressed state. I think, because of that, that we have also got to recognize the potential of maybe having to do some things that in normal conditions we may not do, because I see this as the potential of losing rural America as we basically know it today.

I think if that changes, if we continue to see the problems that agriculture is facing continue over the next several months, we may not be able to

reverse the trend that we have now in rural America.

I think it is imperative that all of us look at the problem for a bipartisan standpoint and look at the problem with an understanding of what type of assistance we can provide without gouging some other segment of the market, without gouging some other segment of the end user of agriculture products, but to provide some income protection for agriculture, to provide an opportunity for a farmer to make a profit.

I do not know of any problems that we have today in agriculture that would not be solved if the farmer were able to make a profit. The credit problems which we are going to undertake very soon and try to deal with I think can be solved if the farmer can make a profit.

I think that this Government can compete with any government in the world. I think that our farmers can compete with any farmers in the world. But I do not think it is fair to put our farmers against other governments, and that basically is what we are doing. And until we can bring under control that type of unfair competition in world markets, I think it may be necessary for us as a body and for us as a government to deal with the problems of agriculture in a way that again we might not want to do in a more long-term situation and certainly one that we might not want to do any other time if agriculture was not in the distressed state that it is in.

I think it is imperative that we deal with the problem, that we recognize the problem, that we try to do something realistic, something responsible and something that can change.

In the past 4 years of the current agricultural program, this Government has expended more money than at any other time, and yet I think agriculture today is probably in worse shape than it has been at any other time.

Money is not the answer. It is not simply throwing money after the problem that cures it. It is the policy that we establish in a farm bill, it is the policy that we establish in trade relations, and it is the policy that we establish in overall economic factors that I think really have the effect on agriculture and really what is going to bring it back. No farm bill itself is going to solve the problem that we are facing in agriculture. It can go a long way toward solving it, but I think that we have got to recognize that there are many other things, as well, that have got to be done.

Again, I appreciate the work of the committee, of every member of the committee, and their sincerity, in trying to deal with the problem. And, again, while it has been that we may have differed from time to time on certain directions, I think the final point and that of providing some sta-

bility in agriculture is a goal that we have all sought, and I hope within the next few days that we can reach that goal here in this body.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from North Carolina [Mr. WHITLEY], chairman of our Subcommittee on Forests, Family Farms, and Energy.

Mr. WHITLEY. I want to thank the chairman for yielding, and I, too, want to begin my remarks by commending all of our colleagues on the committee for an outstanding job. This is the third 4-year farm bill, and thanks to the gentleman from Texas [Mr. STENHOLM] and his amendment, this may be a 5-year farm bill if we pass it in its present form; but this is the third that I have had an opportunity to participate in putting together, and I can assure all of my colleagues that they get more difficult each time.

In this situation, we were under the constraints of a very tight budget. I think all of us knew things that we would like to do and perhaps ought to do to help the farmers and help agriculture, but in every case these things were expensive, they cost money. So we had to try to restrict ourselves in every instance and in every category to those things that would total to an aggregate amount less than that which the budget called for or within the budget. And I might add that I am very proud of my colleagues for having done this, and I think it is significant that the other body, the Agriculture Committee in the other body, was not able to achieve this objective and, as I understand it, they reported a bill to their floor that exceeds the amount provided in the congressional budget.

I wish that we could say we have solved all of the problems of the farmers of this country in this farm bill, but we cannot. I wish we could say that we have solved all of the problems of any segment of American agriculture in this farm bill, but we have not. Those problems go too deep, those problems involve the high dollar overseas, those problems involve the various high cost of production, those problems involve dropping values of land, those problems involve high interest rates. They involve a great number of things that are not within the jurisdiction of our committee and which our committee cannot address in a farm bill.

But I think we have addressed and addressed as effectively as we could those things that were within our jurisdiction. Mr. Chairman, if the family farm is not to be an endangered species, we need to do as much as we can and we need to do what we have done in this farm bill.

Mr. ROBERTS. Mr. Chairman, I yield 3 minutes to my friend and col-

league, the gentleman from Missouri [Mr. EMERSON].

Mr. EMERSON. Mr. Chairman, today we are finally beginning to talk about one of the most important pieces of legislation that will appear before this Congress. American farmers have been waiting for the new farm bill for some time now. Some of them have not been able to hang on until now—and even more may not be able to hang on until next year. It is imperative that the Congress pass, and the President sign, a farm bill that will provide programs for American farmers that will help create an economic climate where they can once again prosper, and earn a reasonable income for their hard work and investment.

Although the farming population of this country is depending on us for help, this is not simply a rural or an agricultural issue—it is a national issue. I want to remind all of my colleagues, the citizens of the United States are, at this time, fed better and fed cheaper by our farmers than the citizens of any other country in the world. According to the USDA's Economic Research Service, in the United States only 12.7 percent of a family's average expenditures go for food; in Canada, just to the north, it is 15.2 percent of expenditures; in Great Britain it is 16.5 percent; in Australia it is 17.3 percent; in France it is 18 percent; in Germany it is 19.5 percent; in the Soviet Union it is 25.6 percent; and in Italy it is 27.2 percent. We cannot allow American agriculture to be removed from the control of family farmers, because if that were to happen the result would obviously be devastating.

In order to reach a consensus on the 1985 farm bill the Members of the House must work together: Democrats and Republicans, liberals and conservatives, urban Members and rural Members. This is the kind of cooperation between Members of Congress we must have in order to pass a new farm bill that will put our farmers back on the path of prosperity; and by putting them back on the path of prosperity we will ensure that American consumers continue to receive the very best in terms of their food supply.

Mr. Chairman, H.R. 2100, as it was reported from the Agriculture Committee, is not a panacea. I am sure I speak for all the members of that committee when I say that if there was a single button we could push to cure all the ills of agriculture we would do just that. But, there isn't, and there is no sense in wishing that there was. On the other hand, we have to work to benefit the national economy by lowering interest rates, by finding and exploiting new export markets, by reducing the deficit, by stabilizing the U.S. dollar at a reasonable rate, and by bolstering our economy in general to re-

store financial stability to the farm, so to speak.

I don't believe you could find anyone who likes each and every line of the 1985 farm bill, but the point is that the Agriculture Committee has worked to write a bill that will benefit everybody. We have listened to every producers' organization and we have tried to report a bill that will address everyone's problems as a whole. Some fine tuning still needs to be done and we must continue here in the whole House to do what we did in committee—produce the best bill we possibly can.

Our farmers aren't asking for giveaways. They just want the help they need to pull them through these very difficult times in agriculture. The help they are looking for won't be found in the failed policies of the past. We must move the Government out of control of agriculture, because that governmental interference is one of the main reasons why farmers are in the shape they are today. However, the transition from an agriculture controlled by the Government to one controlled by the farmers can't occur overnight—it must be gradual and it must be orderly. Our farmers have earned that much, they deserve it, and I, for one, think we should give it to them.

Mr. Chairman, I will now turn to several other titles of H.R. 2100. Three titles involve issues related to food assistance and nutrition programs. For the past 2½ years I have served on the subcommittee responsible for several of these programs. I have traveled across the United States and have participated in hearings, visited soup kitchens, welfare offices, and other sites serving low income people. I do not question that there are individuals and families in need—I have seen them myself. Nor do I question that there are programs—both public and private—out there to help.

USDA food assistance programs provided \$19.5 billion to needy people in 1984. Overall, in 1984, \$80 billion in Federal and State assistance went to individuals and families who are in need. In addition almost \$65 billion was donated, 83 percent of which was donated by individuals, to help their neighbors and communities.

The need is great and the response has matched it.

Within these three titles there are many positive measures. The Food Stamp Program, the Temporary Emergency Food Assistance Program, and the Commodity Supplemental Food Program are reauthorized; a Mandatory Work and Employment Program, designed by States, is included; monthly reporting and retrospective budgeting is better targeted; a Nutrition Education Program which strengthens the Expanded Food and Nutrition Education Program is authorized; and the USDA nutrition monitoring is expand-

ed. All of these are worthy of support and I do support them.

The Food Stamp Program itself serves on the average of over 22 million people per month—in 1984 it is estimated that 38 million people were helped by the Food Stamp Program—up from a 35.3-million figure in 1980. Some of these same people—and more—are helped by the other USDA food assistance programs. These are basically good programs. In fact, I believe the Food Stamp Program is significantly improved by one provision in H.R. 2100—that is the Mandatory Employment and Training Program.

I believe in work programs and I do not believe we should get hung up on terminology. If someone does not like Workfare but agrees with the concept of work for able-bodied people—change the name, call it something else.

I believe that successful work programs, those in which the goal is to return able-bodied individuals to employment, must use a mixture of methods to achieve the goals.

Able-bodied individuals participating in the Food Stamp Program have varied work backgrounds. Some are only temporarily out of work. Others need help in finding work. Still others need to be trained in the special skills needed to get and keep a job.

That is why no one work program can be successful for all able-bodied individuals. Yet, I believe it is imperative that all public assistance programs require, and then help, able-bodied individuals to become employed.

There is a basic rationale behind this concept. The taxpayers of our country furnish the money for the Food Stamp and other programs. Their support or lack of it can determine the success of these programs.

One reason that the Food Stamp Program periodically suffers from a poor image is that it is such a visible program, as stamps are exchanged for goods in the grocery stores.

It, at times, is a program which the public believes is abused. I know when I ask my constituents if they believe able-bodied people should work or look for employment in return for their benefits, an overwhelming majority agree.

I see results of similar opinion polls in the CONGRESSIONAL RECORD and they reflect the same belief whether the Member conducting the poll is a Democrat or Republican.

Conversely, I believe most people want to work. I believe they would prefer to work for a living rather than rely on public assistance. Some lack basic skills needed to find and keep employment.

For both these reasons, the public support and help to the participants, public assistance programs must incorporate elements that will return able-

bodied individuals to work. H.R. 2100 does accomplish this goal.

However, there are several provisions within title 15 with which I do not agree. I offered an amendment in committee—which failed on a 22 to 21 vote—to delete additional spending in the Food Stamp Program. My amendment would have reduced the cost of H.R. 2100 by over \$1 billion by 1988—by 1990 it would have reduced the cost by over \$2 billion.

My amendment deletes much of the additional spending contained in the committee bill for food stamps. It does not cut benefits. I urge you to look at my amendment carefully. It takes out the add on's. It allows all cost-of-living adjustments for benefits and deductions.

Under my amendment the thrifty food plan for a family of four will increase from the present level of \$264 per month to \$295 per month by 1988. The standard deduction will increase from \$95 per month to \$107 per month. The shelter/dependent care deduction will increase from \$134 per month to \$152 per month. All increases are provided for in the act and my amendment does not change that. This is not a freeze amendment. Growth is allowed and accommodated.

My amendment removes the add on's. The committee bill increases benefits and deductions over and above the cost-of-living adjustments. The committee bill expands the Food Stamp Program; adopts methods of adjusting benefits and deductions that were repudiated by the Carter administration; and reinstates reforms of 1981 and 1982—such as outreach. In addition the amount of money to be provided for food assistance in Puerto Rico is increased by \$370 million by 1990—providing a total amount of almost \$4½ billion. And yet this increase in spending is described as a savings of \$208 million.

I urge you to support my amendment. You will be giving cost-of-living adjustments to the food stamp participants. Benefits will go up and deductions will increase.

I urge you to support my amendment.

I would like to mention one additional area concerning H.R. 2100. That is the Temporary Emergency Food Assistance Program. As you may know this program is reauthorized and administrative funding is provided for 2 years.

I offered an amendment to this program that requires the Secretary of Agriculture to submit a report once a year to the Congress that assess the impact of the distribution of surplus commodities on commercial sales of similar commodities.

Unfortunately, the description of my amendment was omitted from the committee report on H.R. 2100. I thank the chairman of the committee

for explaining this occurrence and for correcting the record.

The TEFAP Act requires the Secretary of Agriculture to assure that commodities distributed under the program not be made available in quantities that are determined to result in substitution for commercial market sales. The determination is made by the Secretary.

According to a recent report by the USDA, substantial commercial displacement of margarine has occurred as a result of USDA butter donations. This report, authored by Dr. James Zellner of the Economic Research Service of USDA, indicated that during the 34 months of TEFAP operations an estimated 428 million pounds of butter were donated, displacing 370 million pounds of margarine. For fiscal year 1985, the USDA estimates a \$69 million loss in retail sales of margarine as a result of butter donations, and assuming the margarine displaced was derived from soybean oil, a \$55 million reduction in soybean growers' receipts. The committee also received testimony indicating a negative impact on employment and manufacturing within the margarine industry as a result of commercial displacement due to TEFAP butter donations. In response to the reports of margarine displacement, the USDA reduced by half the level of margarine butter donations effective August 1, 1985, from a monthly average of 12 million to 6 million pounds.

The committee is concerned about the degree of estimated displacement of commercial margarine sales due to the volume of butter released under the TEFAP Program. The committee is likewise concerned that future donations of other products may have similarly negative consequences on other commercial sales and expects the Secretary of Agriculture to monitor this carefully. The committee bill maintains the current law language restricting donation of commodities in quantities that the Secretary, in his discretion, determines will result in substitution for commercial purchases. To assure that the Secretary will monitor this more carefully, the committee has added a requirement for an annual report to Congress, on the occurrence and extent of any such displacement or substitution. The committee expects the Secretary to provide this report by January 1 of each year.

□ 1410

MR. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. PENNY].

MR. PENNY. I thank the gentleman for yielding me this time.

MR. CHAIRMAN, first of all, I want to commend all of my colleagues, but particularly the leadership on the committee for their hard work over these past several difficult months in

crafting a farm bill. I have in my hands an article from the Minneapolis Newspaper which has the headline: "Earnings of Full-Time Farmers in State Drop to a Thirty-Year Low." That is the story in farm country all across America. And while we must deal with budget policies that will help us to bring interest rates down and will help us to bring the value of the dollar down so we can regain our exports, we also must deal in this farm bill with income for farmers and do everything we can in this farm bill to provide a better price for agriculture.

I have a chart that demonstrates what has happened to prices for corn and beans in my State at a local elevator in just the last few months. We started keeping these records back in July, and on July 26, new corn was at \$2.01. Today, new corn stands at \$1.90. On July 26, new beans stood at \$5.04. Today, those prices are \$4.82.

We are not going to solve the agricultural crisis if prices continue to decline. Farmers need an income; farmers need a profit. Total income lost to farmers in Minnesota because of that kind of price reduction in all commodities totaled \$335 million just in the 2-month timeframe from July 9 to September 9. So just in 2 months, because of a drop in prices for every commodity for agriculture, farmers in our State alone lost \$335 million in income. Now, you are not going to take care of a \$250-billion farm debt in America when you are losing income at that kind of a rate in American agriculture.

This bill is not a perfect package, but at the very least we must approve this measure to sustain income for farmers, and with the Bedell amendment, we have an opportunity to in fact increase income for agriculture in wheat and in grains. This farm bill could be improved by amendments that will be adopted along the way, but we ought to keep the focus on supporting amendments that improve price for farmers and vote down those amendments that would pull price out from under farm products.

MR. ROBERTS. Mr. Chairman, I yield 4 minutes to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. I thank the gentleman for yielding me this time.

MR. CHAIRMAN, I want to commend the chairman of the committee, my good friend, Mr. KIKI DE LA GARZA, ED MADIGAN, PAT ROBERTS, and all of the members of the Agriculture Committee who have worked with so much ability and so much dedication to craft this bill.

As the Representative from the second most agricultural district in the Nation, I want to comment about some of the problems that face our agricultural economy as we are addressing H.R. 2100, the Food Security Act of

1985. We have widespread insolvency. Cattle prices are the lowest in 7 years. Our fed cattle are losing \$150 a head. Corn prices for fall delivery are below \$2. Wheat prices are far below the cost of production. Economists are predicting that the farm income will deteriorate from \$34 billion this year to \$22 to \$23 billion next year. Many of our farm commodities have already plunged to the lowest levels since 1978.

Of course with income down so drastically farmers cannot pay their bills. The farm credit system is in trouble; our banks are in trouble. According to the Federal Reserve System of Kansas City, between October of last year and March of this year 6.5 percent of the farmers in our seven-State region had to close down. With 57,000 farmers left in Nebraska we are closing down right now at the rate of about one farmer per hour.

When you add to this the U.S. dollar that has put a tax on exports so we have lost our export markets, in part of my district the worst drought in 80 years; the worst grasshopper infestation in 30 years; with more bank failures than since the 1930's, and with the greatest decline in land values in history, this situation has grown desperately serious. It not only affects agriculture, but it affects every main street in my rural district, and it will soon affect the main streets in our most urban centers if something is not done about it.

Now, we know that this farm bill is not going to solve all the problems. There are many things that have brought us to the situation we are now in. But it is still one of the most important farm bills in history, and it has many strong points. It has a strong conservation plank; a strong sugar bill; it strengthens exports; it has target prices, deficiency payments, and loans. It is not perfect; there are going to be some amendments that we will need to carefully consider, but against the worst economic picture in half a century, this is a serious attempt to improve profitability and give agriculture a chance to once again have a fair position in world trade, and to once again have a bottom line that can read with a profit.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri [Mr. VOLKMER].

Mr. VOLKMER. I thank the gentleman for yielding me this time.

Mr. Chairman, I first wish to commend the chairman of the Agriculture Committee for his fairness and dedication to work on getting a bill, as good a bill as possible, to the floor of the House, and I think he has done it under the budget constraints and the problems that we have had. It is a bill that has been crafted and delicately put together.

In my opinion, if it starts unraveling, we could very possibly lose the bill on

the floor which none of us wish to do. Those of you that are concerned about the sugar, I would just like to point out that that sugar provision, and I have no sugar in my district, but if it would go out and we would have no sugar program, in my estimation we would not have any sugarbeet producers or cane producers in this country in the next 4 or 5 years. And you are going to say to them, "We do not want you anymore."

The second thing that would happen is that in dairy, if that dairy provision, if the amendment of the gentleman from Virginia, cosponsored by the gentleman from Illinois, is adopted, we will have very few dairy producers and only large ones in our country.

□ 1420

Basically, the same thing applies to the Bedell amendment, in my opinion. If that goes out and all we have is what is in the bill, in the regular part of the bill, then net income on the commodities, corn, wheat, will continue to deteriorate in the next 4 years.

What that means in my district is that we are going to lose, and a study has already been made, one-third to one-half of the farmers in northern Missouri, which includes the area of my colleague, the gentleman from Missouri [Mr. COLEMAN] and myself. We already have many banks in financial difficulty. If they cannot make it under today's prices, how do we expect them to make it under lower prices?

So I feel very strongly that we have to have a better provision. I am going to offer an amendment for a mandatory program. I would like to have that kind of program. I think it provides more income for the farmers, at least to let the farmers vote on a better program. But if that fails, for sure we have to have the provision in there for the referendum that has been sponsored by the gentleman from Iowa [Mr. BEDELL].

I feel very strongly that we need to continue that, and I ask for the support of my colleagues in continuing the program in the bill.

Mr. ROBERTS. Mr. Chairman, I yield 5 minutes to my distinguished colleague, the gentleman from Wisconsin [Mr. GUNDERSON].

Mr. GUNDERSON. I thank the gentleman for yielding this time to me.

Mr. Chairman, let me begin, like so many of the others before me have, by issuing a very special compliment to our distinguished committee chairman for his patience, cooperation, and leadership in this most difficult of all farm bills.

I would like to begin by sharing a very personal story of something that is happening back in my hometown, in my home school district.

As we talk today, school officials are meeting with the neighboring school to find a way to next year merge these

two school districts into one, because the facts are, to provide a quality education, no longer can the taxpayers, and in particular the farmers, the property taxpayers, find a way to make the necessary payments.

What that indicates to me more than anything else is that what we are talking about in the 1985 farm bill is not just the question of what our farm legislation ought to be. Ladies and gentlemen, what we are talking about in the 1985 farm bill is the structure of rural America. Whether we make the right or wrong decisions will determine whether or not we maintain our local schools, hospitals, churches, our rural and social, cultural, historical organizations that are the real fiber of this country.

The farm crisis, I think, is no news to anyone any more. In 1981, we had \$31 billion in net farm income. In 1985, it is going to be down to \$19 billion. Farm debt is up to \$212 billion. Land values in my State of Wisconsin have decreased some 30 percent in the last 5 years. In the neighboring State of Iowa, of course, it is around 50 percent.

All of this is the result of the problems facing agriculture today. Farmers are producing more and more because they are receiving less and less for their product. The production increases the surpluses, which decreases the prices, and that reduces the farmers' net income, which creates, with high interest rates, a major credit crisis. So we in the Agriculture Committee will no more than complete our work on the farm bill before we will already be deeply involved in trying to resolve another farm credit crisis in the Farm Credit Administration this fall, and I suspect a new farm credit next spring when planting season comes before us.

I have suggested since day 1 that we ought to really have three goals in the farm bill: We ought to stabilize farm income, increase it if we can in the short; we ought to find a long-term transition toward more market orientation, not a free market, there is no such thing, but more market orientation, whether we are talking dairy, wheat, and feed grains or other commodities; and third, we have to do all of this and live within our Federal budget. The budget deficit and interest rates are one of the major weapons against the American farmer today.

I would like to take a moment, if I could, to compare the dairy section of the committee proposal, with the major amendment that is going to be offered to it, along this line of farm income.

First of all, the committee proposal says that the farmer ought to have a dairy price support of \$11.09 the first year, \$11.27 the second, and \$11.74 the third. The Olin proposal does just the

opposite. It starts at \$11 and goes on down to \$9.63 in the third year.

We are looking at a 30- to 60-percent decrease in net farm income under the Olin substitute. Anyone who believes the American family farmer is well enough off today to survive that does not understand what is occurring in American agriculture today.

Second, we want to make a movement toward market orientation, and I would suggest that everyone take a look back at the last dairy diversion program. Within less than 12 months of that program, the American dairy farmer was receiving, not from the Government, not from a support price, but receiving in the market a price approximately a dollar above the Government support.

Is that not the goal of farm legislation, to get the situation in a supply-demand balance so that the price in the market is what the farmer works for and earns and receives, not the Government floor? That ought not to be the ceiling, and clearly under the Olin substitute, the Government floor will be also the farmer's ceiling for many, many years to come.

We need a supply-demand balance in dairy. We are only going to get through a farmer-financed dairy diversion program.

I must make one other comment that I find so ironical, it is sort of hypocritical: That those who say we need a free market in dairy, I say go all the way. Eliminate price support, eliminate marketing orders, let every farmer in America compete against each other for the right to sell on the store shelf, and let the most efficient dairy farmer survive, whenever that happens. They say, "Oh, no; we cannot do that. We do not want to let your farmers in the Midwest compete with our farmers in Virginia, even though through our marketing orders we are getting \$2 to \$3 more per hundredweight than you are. We do not believe in that kind of a free market. We want our kind of a free market."

Third, we need to take a look at the budget and we need to take a look at budget savings. The fact is that over present policy, the committee proposal in dairy will save some \$775 million the first year and over \$1.7 billion over the next 3 years.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. GUNDERSON] has expired.

Mr. ROBERTS. Mr. Chairman, I will be happy to yield 1 additional minute to the gentleman from Wisconsin.

Mr. GUNDERSON. I thank the gentleman for yielding this additional time to me.

Mr. Chairman, the fact is, then, that we compare that also with the Olin substitute which will be proposed, and the committee proposal saves some \$585 million over the Olin amendment in the first year. Over 3 years we save

\$495 million more than the Olin substitute.

The question is asked, "Wait a minute. We save \$585 million the first year but \$495 million over 3 years. Why less over 3 years?"

It is very simple. As the gentleman from Vermont before me indicated, under that proposal, what happens is that 48,000 dairy farmers in this country go bankrupt.

I hope that is not the solution of the American Congress.

Mr. Chairman, as we begin deliberations on the 1985 farm bill, I would like to share with you something that is happening back home. When I graduated from my local high school, our class consisted of 89 students. The class enrollments have continued around that number. Yet, today our local school system and the neighboring school system are in the midst of intensive studies and plans to merge the two school systems by next fall. Why? Very simply, the local residents, and especially the farmers, simply cannot afford increased taxes which would be necessary to maintain and provide the adequate education the children of the area deserve.

I share this story with you because it provides in living color the painful realities of life in rural America today. And it presents to this Congress the real specter of our challenge. For we are deciding in this farm bill, not only the Government's agricultural policies for the next 5 years, we are deciding the structure of rural America. Our schools, our churches, our hospitals, our small town main streets—the fabric of America's heartland will be determined by our actions. Let us not underestimate the importance of our actions.

Nor let us underestimate the task at hand. American agriculture is in a crisis. Net farm income has dropped from a high of \$31 billion in 1981 to a projected \$19.2 billion in 1985. Farm debt is at a staggering \$212 billion. Last year the farmer's debt to asset ratio reached on all time high of 20.8 and is likely to remain in that range for 1985. Land and asset values are shrinking. In the last 5 years, in my home State of Wisconsin, land values have dropped about 30 percent, with even higher decreases in neighboring Iowa. And many predictions are that values will continue to fall. In the last year, 122,400 farmers have gone out of business, over half due to financial problems.

Last spring we witnessed a major credit crisis in agriculture. It is no wonder, while farm assets drop and farm income drops that farmer's ability to pay off loans will decrease. For example, in 1981 farmers received a support price of \$13.10 for each hundred pounds of milk marketed. That price has consistently dropped over the past 4 years to its present support of \$11.60. Similar decreases in prices are evident in wheat, feed grains, and red meat.

The result? In the past few years the Farmer's Home Administration has been forced to substantially increase its expenditures for farm operating loans. In 1980 the Government provided \$820 million; today

they provide over \$2.5 billion. And everyone agrees the demand will be even higher next year. At the same time the farm credit system's \$75 billion loan portfolio is under stress like never before. Recently, the Farm Credit Administration announced that they will need the Federal Government to step in and assist them if they are to survive. Quite frankly, unless we act properly in writing a farm bill, the Federal Government will be faced with new indirect costs that make the present cost of the farm bill look like peanuts.

In addition to the stress American agriculture faces within this country, in 1985 we witness a new stress from outside. Like many other sectors of the American economy, agriculture is now facing a challenge from the Third World in our export markets. Industrial and nonindustrial countries are today seeking the same export markets. We have traditionally exported 30 to 40 percent of our wheat and feed grain production. Record harvests at home and abroad, the high value of the dollar, our cargo preference laws, plus other factors all put extreme pressure on us to just maintain, say nothing of increasing, our exports. Of course this in itself presents a major policy question; do we raise prices domestically to help farm income? Of course. But how do we do this and still maintain our export markets?

With these facts as a quick background, let me suggest this Government has three goals to achieve in the 1985 farm bill. First, we must stabilize or increase farm income in the short term; second, we must make a long-term transition to a more market-oriented agriculture; and third, we must achieve these goals within the budget guidelines.

From this perspective let us focus for a moment on the dairy section of the farm bill. No one disputes that there is a surplus of dairy production in this country. As mentioned earlier, as a result of that surplus, the price the farmer receives has consistently decreased from \$13.10 to \$11.60. During the past 4 years two different policies have been tried to reduce the surplus. Price freezes and price reductions have only resulted in farmers increasing their production. Only once during the past 4 years have we seen a significant decrease in milk production and in Government purchases of surplus milk, that being during the diversion program. That farmer-financed program resulted in 4 billion pounds less production, it reduced Government purchases by 8 billion pounds (cutting the total purchases in half), and saved the taxpayers over a billion dollars by cutting the cost of the program from \$2.5 billion to \$1.5 billion in the 1 year the diversion was in effect.

As we consider the 1985 farm bill, we again face the question of which policy to follow in meeting the goals mentioned previously. How do we maintain if not increase dairy farmer income? Which plan gives us the best chance to move toward a true market oriented dairy policy in the long run? Which policy does the most to

provide cost savings to the budget? Clearly, the committee provisions far exceed the alternative.

In terms of income, the committee proposal provides a dairy support of \$11.09 the first year, \$11.27 the second year, and \$11.74 the third year. Contrast this with the Olin-Michael amendment which provides decreasing support of \$11.00 the first year, \$10.13 the second year, and only \$9.63 the third year. Even more important, if one considers the last diversion program the price the farmer received was actually a dollar above the support price because a supply-demand balance had been achieved. And isn't that our real goal, to have farmers income received in the market, not long years of low Government supports due to surplus production.

Many of my colleagues have suggested that their major concern in this farm bill is to save the family farm structure. I can guarantee you that a drastic support price decrease which will only affect selected areas of the country, such as the midwest, will devastate the family farm. Projections are that net farm income will be reduced between 30 and 60 percent under the Olin proposal. Anyone who believes the family farmer can endure that drastic cut simply does not understand what is happening in American agriculture.

The second basic question is which policy moves us towards a more market oriented policy. Now, first, I want to clarify that there is no such thing as a free market in agriculture. But we still should become more responsive to the market. No one can justify long term production only for the government. But as I mentioned above, if one desires the market pricing mechanism to take over, then the only option is to support the committee proposal. First, the committee proposal will achieve a market price many years sooner than the alternative. Second, it is the committee proposal which through the farmer financed paid diversion will achieve the supply-demand balance necessary to allow us to make the moves toward a more market oriented dairy program.

The hypocrisy of those who promote the Olin-Michel alternative is most evident in this area. They claim because there is too much milk, we should let the market work, and just reduce the price. Every price support reduction in the last 4 years has not reflected in any reduction in the price to the consumer. Likewise those advocating such a proposal do not really believe in the free market philosophy they espouse. I have often suggested that if one wants a true free market in milk, fine, go all the way. Yet proponents of the Olin amendment do not support any change in the Nation's 49 milk marketing orders to allow all farmers to compete equally nationwide for the sale of their milk. It is frankly, rather funny that those living in areas where through market order protection have milk prices \$3 and \$4 above the Government price support should suggest that areas dependent upon the present price support for their income should take further cuts.

Finally, one must ask which proposal will achieve the most savings along the line of our previously passed budget. I voted against that budget resolution because it does an inadequate job of dealing with the deficit. I do not support increasing defense and cutting agriculture. Yet, that is what is before us. We must live with it.

In the first year, the committee proposal will cost \$945 million (including the \$200 million to purchase red meat) compared with the Olin proposal costing \$1.465 billion. Over 3 years the Olin amendment will cost \$495 million more than the committee proposal. Likewise it will result in 3.85 billion pounds more in purchases.

No legislative proposal is ever perfect. Certainly the one before us is not. But if our goal is to live within the budget, yet try and stabilize farm income and establish the environment which would allow us to become more market oriented, the committee proposal is our only alternative.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the distinguished chairman of the Subcommittee on Livestock, Dairy and Poultry, the gentleman from California [Mr. COELHO].

Mr. COELHO. I thank the gentleman for yielding this time to me.

Mr. Chairman, what I would like to do is, first off, thank the chairman of the full committee and the ranking member of the full committee, and also the ranking member of the subcommittee, for the tremendous cooperation that we have had over the past several months in coming up with a dairy program.

Most people felt that we could not come up with something that would meet the objectives of working with all the different dairy groups throughout the country, as well as working with the objectives of people from both sides of the aisle. After the work of many of my colleagues on both sides, we were able to come up with something that made sense for the dairy farmers of this country.

The current cost of the dairy program is \$1.7 billion. The cost after the dairy unity bill is put into effect will be a little over \$800 million. The difference is being made up by the dairy farmers themselves. They are willing to put up their own money in order to get us to a position where dairy farmers can go back to a market-oriented program.

We need to do that. Everybody understands that. We have too much milk today.

The difference between the Olin-Michel proposal and the dairy unity proposal basically is simple. The Olin-Michel proposal would prefer to put people into bankruptcy and to eliminate dairy farmers. The difference with the dairy unity bill is that what we want to do is to provide a situation where at the end of 2 years we will go back to a market-oriented program where we will have surpluses dictating what the price support should be.

□ 1430

That is what should be done. We should not have deviated from that over the last few years and we will be going back to it. That makes sense.

But the most important thing is that during this period of time price supports will be retained at \$11.60. We will keep the dairy farmer in business and be able to get over the current hurdle we have with the dairy farmer in business. That makes sense for the consumer. That makes sense for the dairy farmer and that makes sense for everybody else in the livestock business.

I think it is a good plan and I want to applaud again my colleagues from the Republican side and my colleagues from the Democratic side who were able to work together to come up with this package.

I particularly want to compliment my colleague, the gentleman from Vermont [Mr. JEFFORDS] for working closely with us to bring this about.

Mr. DE LA GARZA. Mr. Chairman, I yield two minutes to the distinguished Chairman of our Subcommittee on Cotton, Rice, and Sugar, the distinguished gentleman from Louisiana [Mr. HUCKABY].

Mr. HUCKABY. Mr. Chairman, I thank the gentleman for yielding.

I would like to just briefly elucidate the essence of the programs on cotton, rice, and sugar.

We are responding to the administration's request on cotton and rice to have a market-oriented program. Our basic loan will be 85 percent of the prior 5 years' price. The target prices for both these commodities will be frozen. We are not decreasing income protection for the farmers.

Unfortunately, the budget did not allow us to increase this income protection.

Mr. Chairman, within the last four years as the value of the dollar has continued to increase, this super high priced dollar has priced us out of many markets. It has actually acted as a surtax, a 30-percent surtax on our exports of cotton, our exports of rice. Hence, they are down significantly today. That is why our market prices this year are rock bottom.

A key provision of our bill mandates that the Secretary must lower the loan rate to be competitive in world markets. He can lower it up to 25 percent.

I understand that the administration is looking for someone to offer an amendment to gut this provision of the bill. I cannot understand why. This is the key and the heart of the bill to enable us to become market competitive once again, so that we can recapture the markets that we had. We can expand our production once again.

Mr. Chairman, the sugar program will be one of the most controversial sections of this entire farm bill. It will be the first provision debated.

We ask for an absolute freeze on the sugar program. I would like to point out to my colleagues that this is actually the first trade vote that you will be making this fall. We support the price of sugar at 18 cents in the United States. The European common market does at 23 cents and the French dump it for 3 cents on the world market and our farmers cannot compete with those farmers.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the distinguished chairman of the Domestic Marketing Consumer Relations, and Nutrition Subcommittee, the gentleman from California [Mr. PANETTA].

Mr. PANETTA. Mr. Chairman, first of all, let me extend my thanks to the chairman of the full committee, the gentleman from Texas [Mr. DE LA GARZA], and also the ranking minority member, the gentleman from Illinois [Mr. MADIGAN] for their cooperation in the work we have done on H.R. 2100. In particular, I want to thank my ranking minority member, the gentleman from Missouri [Mr. EMERSON] for the cooperation that he has provided on titles XV, XVI, and XVII of the bill relating to nutrition assistance. We have not always agreed, and yet, he has always been cooperative in the effort to try to find answers to this problem.

H.R. 2100, the Food Security Act of 1985, is the constructive and responsible product of months of hard work by the Committee on Agriculture. Assuming there are no major changes in the bill, I urge my colleagues to support its passage on the House floor. There are many reasons why this bill is worthy of widespread support. As chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, I would like to highlight several areas that are of particular concern to me and hope that the following discussion will influence Members, particularly those from non-agricultural districts, to support this bill.

#### DOMESTIC HUNGER

Titles XV, XVI, and XVII of H.R. 2100 relate to domestic food assistance and nutrition programs. Title XV and XVI would take affirmative steps to address the current domestic hunger problem by reauthorizing and improving the Food Stamp Program and the Temporary Emergency Food Assistance Program [TEFAP]. Title XVII would augment these efforts by strengthening current programs for nutrition education and nutrition monitoring for low-income households.

Before proceeding further in discussing the domestic hunger issue, I would like to draw Members' attention to an inadvertent error in the committee

report (Rept. 99-271, Part 1). By sheer oversight, a small portion of the committee report was omitted. This omitted part described a committee amendment (section 1605 of H.R. 2100) that requires the Secretary to submit an annual report to Congress as to whether and to what extent distribution of TEFAP commodities results in displacement of or substitution for commercial sales of commodities. I understand that the full text of this report language is included in today's statement by Chairman DE LA GARZA on H.R. 2100. I would add that the displacement issue is one of serious concern to those of us who monitor the TEFAP Program. I believe that the omitted portion of the committee report printed today in the RECORD should be treated as legitimate legislative history.

The purpose and need portion of the committee report on H.R. 2100 provides excellent background on the extent of the domestic hunger problem and the need to do something about it. The subcommittee I chair has held repeated hearings around the country on hunger, including several this year. We have visited dozens of soup kitchens and talked with many people involved with the problem. Their message has been uniform and consistent: The hunger problem is real and growing. It is a message confirmed by countless studies and surveys, including a survey of major U.S. cities completed by U.S. Conference of Mayors just several months ago.

Several recent reports and studies also reveal increases in infant mortality and low-birth-weight rates in many areas of the country, and the growing incidence of nutrition-related health problems among children. A relatively high poverty rate, especially among young children, persists. Despite the recently reported decrease in the national poverty rate, approximately one-fourth of all American children below age 6 live in poverty. We are virtually guaranteeing serious social problems and greater costs down the road if we fail to take preventive action now.

Unfortunately, despite all the recent talk about hunger, the Federal response has been inadequate. Private-sector charities and food banks have responded generously to the crisis, but their efforts are falling short. Congress has staved off nutrition cutbacks sought by the administration in addition to those enacted in 1981 and 1982, but has been largely unsuccessful in restoring funding to vital nutrition programs that serve our poorest citizens. Even President Reagan's conservative Task Force on Food Assistance recommended spending increases that have yet to be enacted.

Last year, the House took a positive step by passing the Hunger Relief Act of 1984. Despite the strongly biparti-

san 363 to 39 vote, the Senate took no action and the bill died.

H.R. 2100 recommends food assistance improvements that are very similar to those included in last year's Hunger Relief Act. The provisions of H.R. 2100 are moderate in approach and include many of the recommendations of the 1984 President's Task Force on Food Assistance. These provisions are consistent with the assumptions of the budget Congress adopted for fiscal year 1986.

I frankly believe that anyone who supported the Hunger Relief Act last year should support these food assistance provisions this year. The content is very similar and the 3-year costs are nearly identical. Certainly, all of the evidence indicates that the domestic hunger problem is just as severe, if not more so, than last year.

In my view, the key to dealing with the present budget-deficit problem is in knowing where to cut and where to invest in the battle for future savings. For 4 years, I headed the Budget Committee's task force responsible for enforcing reductions in all aspects of Government spending, including popular domestic social programs. One fundamental lesson I learned is that cutbacks in certain programs, such as those that feed the hungry in this country, save us no money at all. In fact, a problem like hunger is so fundamental—and has such a far-reaching effect on the health, education, productivity, and spirit of our citizenry—that even small investments now to combat it are likely to produce significant long-term savings. H.R. 2100 is intended to be this type of investment.

The primary food assistance cost item in H.R. 2100 is a slight increase (approximately 1 percent) in the basis for benefits in the Food Stamp Program. Food stamp benefits are based upon the costs of the Thrifty Food Plan, the lowest cost of four diet plans prepared by USDA. Currently, food stamp benefits lag 3-15 months behind actual Thrifty Food Plan costs; over the past 7 years, benefits have lagged, on average, about 5 percent below actual Thrifty Food Plan costs. H.R. 2100 would simply require that future food stamp benefit adjustments must be 3 months more current than present. This results in an increase of less than 1 cent per person per meal in benefits paid to our neediest citizens. Benefit levels would continue to lag up to 12 months behind actual food costs.

Other key food stamp provisions of the bill would: Increase work incentives by restoring the earned income deduction from 18 percent to 20 percent of earnings and by establishing a separate deduction for dependent care costs; increase the ceiling on the excess-shelter-cost deduction to address the "heat or eat" dilemma faced by many households; liberalize the de-

duction allowed for high medical costs incurred by elderly and disabled households; and adjust assets tests along the lines recommended by the President's Task Force on Food Assistance.

The bill would greatly strengthen and improve current work requirements and opportunities through a new employment and training program that Representative BILL EMERSON and I jointly developed. For the first time, all States would be mandated to establish a program of work, training, or job search, or any combination thereof, for appropriate food stamp participants. Each State would have considerable flexibility in designing a program that best suits its particular needs, including the ability to target the program on those individuals for whom it would be most effective. Increased Federal funding would be provided to assure active participation by the States.

In addition, the bill includes many provisions that simplify Food Stamp Program management and enhance program integrity. Significant incentives for increased use of computers in program administration would be provided, monthly reporting and retrospective budgeting would be targeted to maximize cost-effectiveness, penalties on retailers who violate the act would be strengthened, and simplified application and benefit determination procedures would be encouraged.

I am concerned, however, that a floor amendment to H.R. 2100 may be offered that would negate the positive steps that H.R. 2100 would take to address the domestic hunger situation. I cannot emphasize enough that maintaining the status quo in food program benefits will not make a dent in the hunger problem. If we make no changes in current programs, it would be tantamount to saying we are willing to tolerate the current shameful levels of hunger that now exist in this country.

If such an amendment were to be offered, Members would undoubtedly be inundated with a variety of facts and statistics to justify removing the anti-hunger provisions of this bill. In sorting through this information, I would hope Members would keep the following points in mind:

First, the provisions of H.R. 2100 would restore only a small portion of the deep food stamp reductions (an estimated \$7 billion over the fiscal year 1982-85 period) enacted by the 97th Congress; and

Second, despite the major reported increases in hunger in this country in recent years, food stamp spending has remained constant over the past 3 years. Food stamp expenditures fell from \$12.7 billion in fiscal year 1983 to \$12.4 billion in fiscal year 1984. Anticipated fiscal year 1985 food stamp costs are about \$12.5 billion.

Altogether then, I believe titles XV-XVII of H.R. 2100 represent a balanced and responsible approach toward improving domestic food assistance programs in this country. In my view, we cannot afford not to act on hunger now.

#### WORLD HUNGER

Over the past year, considerable public attention has focused on world hunger, particularly the desperate situation in Africa. America has been generous in responding to the crisis through both Government and private donations. Yet despite the unprecedented flow of food aid to Africa, there is much left to be accomplished. For the foreseeable future, the demand for emergency food aid to combat starvation will be enormous. Substantial additional aid for emergency health care, water treatment, and transportation is also necessary in the short term. With so many lives literally hanging in the balance, I believe it is imperative that we remain vigilant in providing assistance until the crisis is over.

One of the more common inquiries that I have received from constituents throughout this hunger crisis is: "Why don't we ship the surplus grains and other commodities the Federal Government owns to feed the starving people of Africa?" While the cost of shipping commodities and the task of matching U.S. grain donations with the dietary patterns of recipient nations present complications, the short answer to the question is: We should be doing more. If the United States owns edible commodities that are not otherwise committed to aid farmers, to increase farm exports, or to serve domestic feeding needs, I believe some portion of these commodities should be made available to ease the world hunger situation.

I am pleased that the committee adopted an amendment I offered to section 416 of the Agricultural Act of 1949 with Representative COOPER EVANS to require that greater quantities of uncommitted U.S. surplus commodities be made available for donation overseas. Not only does the amendment expand the variety of commodities available under section 416, but it mandates minimum tonnages, so long as sufficient commodities are available and certain conditions are met.

Under current law, eligible commodities for international distribution under section 416 are limited to dairy products and wheat. However, to date, the Secretary has exercised authority for release of dairy products alone. Despite continuing pressure from Congress and commodity groups, coupled with the increasing demand for wheat donations, the Secretary has inexplicably failed to approve requests for wheat. Given this record, it was necessary to add a minimum tonnage re-

quirement to section 416 so that the Secretary would actually distribute the food. Among the newly eligible commodities for distribution would be uncommitted stocks of corn, rice, grain sorghum, and oilseeds.

This amendment would contribute significantly to international food aid basically for the cost of processing and shipping the commodities. Since the Government already owns the commodities, no new costs would be incurred for special purchases. And, while the cost of shipping this aid is by no means trivial, it represents a sound and humane investment. It is an investment that is far preferable to allowing the food to lie in storage indefinitely, subject to spoilage and waste. Furthermore, disposing of these commodities will lower our surpluses and have a salutary effect on domestic markets.

In sum, I believe that the committee's action to revise section 416 authority is a wise and humane decision. In my mind, there is no more compassionate goal than one that seeks to end the plight of those facing hunger and starvation. I am pleased that the committee has contributed to achieving this goal through section 416(b).

#### MARKETING ORDER AGREEMENTS

Over nearly a half century, the Agricultural Marketing Agreement Act has served to promote the orderly marketing of agricultural commodities. This has been accomplished by a policy that encourages industry participation in the implementation of 48 current marketing orders affecting milk, fruits, and vegetables.

As chairman of the Subcommittee on Domestic Marketing, Consumer Relations, and Nutrition, I support the fair and effective implementation of marketing orders, including the participation of growers, handlers, and consumers in the regulatory process. During the course of the past few years, I have found it necessary to join many of my House colleagues in objecting to USDA policy decisions and intervention by the Office of Management and Budget in decisions of the Agricultural Marketing Service with respect to marketing order agreements. On several occasions, I have communicated directly with USDA officials concerning possible circumvention of the Agricultural Marketing Agreement Act relating to seasonal referenda proceedings, release of confidential information, termination of orders, and enforcement of violations.

In an effort to clarify the intent of Congress in the administration and enforcement of marketing orders, the Committee approved amendments to the Agricultural Marketing Agreement Act that I endorse. These amendments and explanatory committee report language restate and emphasize congressional support for marketing order

agreements and procedures for implementing them. Amendments adopted by the committee include: an increase in the criminal fine for handler violations of a marketing agreement; the requirement that a voting majority of industry representatives submit their approval prior to termination of a marketing order by the secretary; and a statutory clarification of the confidentiality of records provided to the Secretary by industry groups.

In addition, I am pleased that the committee report reinforces recent action by the Department of Agriculture to ensure that amendments to any marketing order are to be voted on individually in a referendum and that the failure of any one amendment does not terminate the entire order. In addition, the report encourages the Department to pursue fair and effective enforcement of all marketing order agreement violations and allows marketing order administrative committees to retain counsel for hearings and rulemaking proceedings at the discretion of the Secretary.

I am optimistic that the objectives of the Agricultural Marketing agreement Act can be achieved with the cooperation of the Department and affected industry groups. H.R. 2100 and its legislative history are intended to keep the Department on course in its administration of marketing order agreements. In recent years, the Department has attempted to make changes in marketing order policy that I believe are within the authority of Congress. These amendments send a signal to the Department to administer marketing orders in closer compliance with long-standing legislative and regulatory policy.

The following is a summary of the major food assistance provisions of H.R. 2100:

#### SUMMARY OF MAJOR FOOD ASSISTANCE PROVISIONS OF H.R. 2100

##### As agreed to by the Committee on Agriculture

#### (1) IMPROVING FOOD STAMP WORK REQUIREMENTS AND INCENTIVES

For the first time, each State would be required to set up an employment and training program for employable food stamp participants. States would be provided considerable flexibility to design their own program and determine who is to be served. A wide variety of options—job search, job finding clubs, workfare, training, education relating to employment—could be utilized by the States and States would have flexibility to target the program on those employable recipients for whom it is most appropriate.

The earned income deduction would be restored from 18 percent to 20 percent.

A separate deduction for dependent (child) care costs would be established, effective in FY 1987. Currently, only a combined excess shelter/dependent care deduction is available. The ceiling on the dependent care deduction would be set at \$160 a month.

#### (2) IMPROVING FOOD STAMP BENEFIT ADEQUACY AND ACCESSIBILITY

The basis for benefits would be increased slightly (roughly 1 percent) to reflect more accurately the actual costs of the Thrifty Food Plan during the benefit year.

The ceiling on the combined excess shelter/dependent care deduction would be increased to \$155 in FY 1986. (In FY 1987, the shelter and dependent care deductions would be split, with the cap on the shelter deduction reflecting the \$155 level established in FY 1986, adjusted for inflation.)

The threshold for qualification for the medical deduction for elderly and disabled households would be changed from \$35 a month, to 5 percent of gross income or \$35 a month, whichever is less.

Assets limitations would be adjusted in a manner similar to the recommendations of the President's Task Force on Food Assistance. Farmers and others would be aided by excluding from assets consideration any property on which a lien has been placed and thus made unavailable for conversion to a liquid asset. The liquid assets test for an elderly household of one would be set at the same level as for households of two or more that include one or more elderly members.

Effective in FY 1988, States and localities opting to participate in the Food Stamp Program would be prohibited from collecting sales taxes on food stamp purchases.

Self-employed persons, including farmers, would be permitted to offset losses incurred in self-employment against other household income in determining food stamp eligibility and benefit levels.

Eligibility of the homeless would be assured, so long as they meet qualifications requirements.

The definition of the disabled would be expanded to include certain severely disabled persons not currently treated as disabled for food stamp purposes.

Current law allowing SSI applicants and recipients to file a simplified food stamp application and be certified at Social Security offices would be reinforced and applicants and recipients of Social Security benefits would be permitted to apply for food stamps at Social Security Offices.

A limited program to allow State and local agencies to receive matching Federal funds to inform elderly, disabled and unemployed persons about the Food Stamp Program would be authorized.

The Nutrition Assistance Program in Puerto Rico would be extended through FY 1990, with funding increases to reflect food price inflation starting in FY 1987. Payment of benefits in cash form would be permitted.

The Food Stamp Program would be reauthorized for 5 years with spending ceilings that leave some margin for error in current estimates for inflation and unemployment over this period.

#### (3) IMPROVING PROGRAM MANAGEMENT AND ACCOUNTABILITY

The Secretary would be required both to provide quality control findings to the States on a more timely basis and to speed up his collection of sanctions owed by the State for high error rates.

States would be permitted to apply up to 15% of any error rate sanctions assessed in any fiscal year toward new efforts to reduce errors in the State, rather than pay the amount to the Federal government. Such efforts could include new computer operations, increased staff, better staff training or any other initiatives that would bring error rates down.

States would not be sanctioned for errors in food stamp administration that are due to inaccurate information provided by Federal automated information systems.

The mandatory aspects of monthly reporting and retrospective budgeting (MRRB) would be limited to those households with earnings or recent work history. This is consistent with the approach utilized in the Aid to Families with Dependent Children (AFDC) program. Waivers from MRRB for some or all of these households would be possible, subject to the Secretary's approval.

Food stamp households composed exclusively of AFDC or SSI recipients would be categorically eligible for food stamps.

State agencies would be authorized to issue benefits on a staggered basis throughout each month. This facilitates mail issuance and discourages grocers from raising food prices at the beginning of each month.

Simplified application projects would be continued unless the Secretary finds they are not achieving their intended goals.

Food retailers disqualified from the Food Stamp Program would be required to pay a fine if they sell their stores prior to expiration of the disqualification period.

Information submitted by retail food stores for food stamp purposes could be disclosed to agencies administering the WIC program.

The Secretary would be required to assess each State's computer operations and develop, in consultation with the States, the elements of a model plan for food stamp computerization. Such plan would be subject to public comment before being finalized.

Earnings of participants in Jobs Training Partnership Act on-the-job training programs would be counted as income for food stamp purposes, similar to the AFDC program.

Recipients of energy assistance vendor payments would not be allowed to claim the portion of their energy bills paid by the vendor payment in calculating eligibility for the excess shelter cost deduction. If these households have out of pocket utility bills, they would be eligible for the State's standard utility allowance.

Banks would be permitted to charge food retailers for processing food stamps only if retailers fail to bundle the food stamps according to Federal Reserve requirements.

Certain Federal credit unions would be authorized to redeem food stamps.

Through various tests, such as visual inspection, sales records, purchase records, inventory or other methods, retail food stores would be afforded the opportunity to prove that fifty percent of their business is staple food items, thus qualifying them to accept food stamps for food purchases.

#### (4) REAUTHORIZING AND IMPROVING SURPLUS COMMODITY DISTRIBUTION UNDER THE TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)

TEFAP would be extended for two years, with \$50 million a year authorized for State and local administrative funding.

Administrative funding would be provided on a more timely basis for State and local agencies.

Audit standards would be established to ensure accountability and to reflect the special circumstances of certain emergency feeding organizations.

The Secretary would be required to report annually to Congress on whether and to what extent donations under TEFAP substi-

tute for or displace commercial sales of the same or any other agricultural produce.

(S) MISCELLANEOUS

The Department of Agriculture would be required to conduct a study of the feasibility of extending a food assistance program to American Samoa.

The Commodity Supplemental Food Program (CSFP) would be reauthorized and revised to (1) allow local operators to serve elderly persons out of available funding so long as women and children are not denied benefits; and (2) require the Secretary to approve new sites satisfying eligibility requirements so long as funding is available. Current law provisions governing CSFP administrative funding and three existing programs serving the elderly would be extended.

A small program of Food, Nutrition and Consumer Education would be authorized to complement and enhance current nutrition education programs like the Expanded Food and Nutrition Education Program (EFNEP). Funds would be provided to State cooperative extension offices.

State agencies would be required to encourage food stamp participants to utilize the EFNEP program. Upon the request of EFNEP officials, State food stamp agencies would be required, wherever practicable, to allow placement of EFNEP personnel and materials in food stamp offices.

Improved nutrition monitoring of low income individuals by USDA would be required.

Section 1114 of the Agriculture and Food Act of 1981 would be extended to require the Secretary to provide uncommitted Commodity Credit Corporation stocks to domestic feeding programs without charge or credit. H.R. 2100 would make clear that once the Secretary determines that cheese, nonfat dry milk, and wheat are in surplus, they must be distributed, although he is not limited to distributing these commodities.

National Commodity Processing, whereby the Secretary encourages consumption of bonus commodities through private companies, would be extended for two years.

Mr. ROBERTS. Mr. Chairman, I yield 4 minutes to my distinguished colleague, the gentleman from Missouri [Mr. COLEMAN], who is the ranking member on the Conservation, Credit, and Rural Development Subcommittee.

Mr. COLEMAN of Missouri. Mr. Chairman, let me add my voice of commendation to our chairman, the gentleman from Texas [Mr. DE LA GARZA], who is certainly recognized as a fair individual and as a chairman who gives everybody the opportunity to be heard and to express himself by amendment or by opinion in our committee. I thank him for his courtesies as we have drafted this bill through the last 9 months.

Mr. Chairman, Agriculture and rural America are going through the most difficult adjustment period since the 1930's. High interest rates, low prices, declining land values and bad weather have made it nearly impossible for farmers to maintain a positive cash-flow in many areas of the country.

The migration of people away from U.S. farms has been dramatic. The percentage of the U.S. population en-

gaged in farming has decreased from about 25 percent in 1935 to less than 2.5 percent in 1985. The number of farms has fallen by more than 60 percent during that period.

We have before us for consideration a farm bill to reauthorize farm programs for the next 5 years. The bill has several new programs that should help the agricultural economy. However, we must also recognize that this bill will not create a miracle and will not change the agricultural economy over night, but this bill will help agriculture get back on the right track. There are many who believe that the programs in the 1981 farm bill have not worked. The 1981 farm bill was written in a time of high inflation. We anticipated that inflation would continue and we build inflation factors into the farm programs. In doing so, we made our agriculture products non-competitive on world markets. The increased value of the dollar in comparison to other currencies has only compounded the problem of competitiveness.

It is clear that rural America is going through a very difficult transitional period. Steps must be taken now to prevent the unraveling of the fabric of rural America. I am hopeful that this bill will help strengthen the threads that bind rural America together.

One of the brightest shining stars in this bill is the conservation title. Working in a bipartisan manner Mr. JONES, chairman on the Conservation, Credit and Rural Development Subcommittee, and I have fashioned a conservation title that has received overwhelming support.

Last year this body passed a Soil Conservation Act that had many of the same provisions included in the conservation title of H.R. 2100. We were disappointed when the legislation died in conference. However, this year we have worked in a bipartisan spirit to develop an even stronger conservation program. The administration has endorsed the conservation title as well as many soil and environmental groups.

Soil is, very simply, one of our most valuable resources and we can't continue to let it erode at a faster rate than it is replaced. We must take action now to save our land. The sod-buster and conservation reserve provisions in the conservation title will help to preserve our land for future generations.

Mr. Chairman, I have reserved time later on today for a special order to continue my discussion of this bill and would invite others to remain also.

Mr. COELHO. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. STENHOLM], the author of title X, the Agriculture Efficiency and Equity Act of 1985.

Mr. STENHOLM. Mr. Chairman, I thank the gentleman for yielding me this time.

I would say that today there is a growing awareness in America of the importance of agriculture to our economy. Unfortunately, there are no short-term solutions to the problems of agriculture. The challenge to the House Agriculture Committee was threefold: to write a farm bill, to deal with the short-term problems of having borrowed \$100 billion more money than we farmers can pay back with current income; second, to meet a budget requirement imposed by the House and Senate conference on the budget; and third, to provide some long-term hope of working ourselves out of this dilemma we find ourselves in.

We have met that budget challenge. As tough as it has been, we have met it. We could have used another \$11 billion, as the Senate Agriculture Committee reported last night, but we do not have it.

Unfortunately, we still have \$150 billion deficits as far as the eye can see and I submit we will never solve our farm problem or our Nation's problem until we solve our propensity to spend more than we have as a nation.

Mr. Chairman, I support H.R. 2100. I encourage each and every one of you also. Where our committee has been split, we will allow the will of the majority to work. Where you have an idea to improve it, you will have an opportunity under an open rule to improve this legislation.

Mr. Chairman, H.R. 2100 gives us the tools necessary to begin working our way out of the dilemma we find ourselves in. It is a more logical basing yields bill, a more effective supply-management program, clear title legislation granting to innocent third-party buyers the necessary protection they need in this world today; a conservation title you have heard so much about, and I join with those who have expressed their support for that.

I hope that each and every one of you will join in opposing every farm income weakening amendment that comes on this floor. The dairy substitute, the sugar substitute, the peanut substitute, all will reduce farm income. We do not have farm income to share.

Mr. Chairman, I urge support for the bill.

Mr. DE LA GARZA. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from South Dakota [Mr. DASCHLE], a very important member of our committee.

Mr. DASCHLE. Mr. Chairman, so much has already been said about the bill and about the situation today in agriculture, but it does bear repeating. We are meeting at a time when we are in absolutely the worst condition agriculture has witnesses in the last 50

years and it is in this climate now that we try to put together the fabric of legislation which will allow us to address the problem in an equitable and effective way. It is not easy. From Georgia to California, from North Dakota to Texas, farmers have cried out for the recognition of the problem that they face in agriculture today, and with virtual unanimity they are saying that there really is only one solution, a better price.

So it is our hope that as we address this problem today that the ultimate goal will be a product that will provide farmers with what they have told us is the only panacea, a better price.

Our bill represents very divergent thoughts on how to accomplish a better price. Our bill represents a consensus among a very sensitive balance between those who take one philosophical approach and those who take another; but the fact of the matter is that this is a consensus and at a very minimum it is acceptable to virtually every element within our society today in agriculture who demand a better price.

What I would hope is that we as a committee, that we as a Congress, that we as a government facing a crisis in agriculture, unlike anything we faced before, can speak with the same unified voice in our response to the farmers who have called for us to provide the mechanism for a better price.

Mr. Chairman, we have that opportunity today. We have that opportunity as we deliberate on this bill in the next couple days. I can only hope that we succeed.

Mr. Chairman, the farm bill debate we open today is a debate about survival. The actions we take in this Congress, or those we fail to take, will determine whether independent family agriculture as we have known it since the founding of this Nation will survive.

There are those—and they are powerful—who believe family farming should be allowed to slide quietly into oblivion. The words they use are well known. They speak of shakeouts. They talk of market forces and competition and facing the inevitable.

Their terms are carefully calculated to foster the impression that family agriculture is an inefficient, unproductive relic of the past. Sure we feel sorry for the poor farmer, they say, but we have to be realistic. Family agriculture can't make it on the free market. We can ease the pain a little, but propping up the family farm is just an expensive exercise in postponing the inevitable.

That is what they say. It is a seductive argument, one carefully crafted to appeal to a budget-conscious, competition-oriented land. It draws for us a mental picture of Silicon Valley's high tech on the one hand and the American gothic farmer, pitchfork in hand, on the other. Painted that way, the choice is clear. America must go with the future. The family farmer is the past.

That is the picture they paint, Mr. Chairman, but that picture is a lie. If American family agriculture were an unproductive drag on this Nation's economy then those who seek its survival indeed would be the modern luddites their opponents make them out to be.

But American family agriculture is the very opposite of unproductive. Family agriculture is the most productive agriculture in the history of mankind. Whether they are compared to other systems through history, to other nations, or to corporate agriculture in this Nation today, the family producers come out ahead.

The problems of family agriculture have absolutely nothing to do with productivity or efficiency or competitiveness. They have nothing to do with inability to survive on the level playing field of a free market. The problems that will destroy family farming within the next 4 years if not remedied are problems created by Government. They are problems made in Washington and in Tokyo and Brussels. They are problems caused by an unfair tax system that favors the giant producer over the family operator; problems from a Government created high dollar; problems resulting from an American Government that has rolled over to foreign protectionism directed against her farmers and has directed what little help she has offered to the most powerful corporate farm interests, not to the family operators who deserve it.

Farm families know their problems are made in Washington, but they do not come to this city begging for a handout. What farmers seek is a fair price. They want to work. They want to produce. They know they can succeed if only their Government will level the playing field and allow them to earn a decent price.

Price, Mr. Chairman, that is the key. No farmer anywhere can survive on the \$2.60 wheat and \$2.05 corn the administration offers and pawns off as a free-market price. That is not a free-market price. That is a price created by tax subsidies to giant producers, by foreign nations that pay their farmers to dump crops on the world market at prices far below their actual cost.

Let us be honest here. If we are about to foreclose on the family farmer, let us at least tell the truth about what we are doing. Let us look that farmer in the eye, acknowledge he produces our food as efficiently as anyone has in history, but tell him we lack the courage to close those tax loopholes, the guts to force foreigners to let him compete or the nerve to get that dollar back down. Let's tell him we have decided to take the easy out: We are going to let him go under.

Acceptance of the obscene price formula's and the phony free marketism pressed upon us by John Block's unending veto threats may be the easy out. At least it may look that way. Standing up to a President is never easy. But I can guarantee you that pulling the plug on family agriculture is not going to be easy either.

There is a potential for catastrophe in my State. It is a potential born of absolute

desperation and the unimaginable injustice of what is being done to family farmers.

The \$2.60 wheat and \$2.05 corn will unleash a rolling tidal wave of bankruptcy in my State this winter. I fear for what will happen as those foreclosure notices are served. I fear not just for the individuals who may be harmed as these tinderbox situations unfold, but for this entire Nation.

What will it mean to America to see the men and women whose lives more than those of any others have formed her bedrock values cast asides? How will despair and disaster in Peoria play in the rest of the Nation?

Mr. Chairman, I do not think it will play well. And it will play particularly badly for those in this body seduced by the siren song of the phony free marketeers. There is a deep reservoir of support for American farm families. Some of that support is emotional. Much, though, is born of an innate understanding that turning agriculture over to the supposed efficiency of General Motors may not be such a great bargain after all—an understanding that the price and quality of the farmers product might even compare favorably with that of their gigantic brothers.

This House, starting today, will decide.

There is much that is complex in this 1985 farm bill. But there is one thing that is not. It is price. With a price, farmers can survive. With the prices proposed in the amendment, we will buy time to meet the underlying tax and high dollar and trade problems that are the true cause of our current farm crisis. We will buy that time while staying well under our budget targets.

What we are talking about here is only a short-term solution. But unless we tide over the family farmers now—for the short term—few, if any, will still be around by the time we muster the courage to deal with the largely fundamental problems.

If we give our farmers a fair price today, 10 years from now we will all agree that it was one of the smartest things we ever did. We will point to it as one of our finest accomplishments, for we will have given America's family farmers the chance they want and deserve. We will give them the chance to feed our families as well as their own.

They are good at that. The best ever. We should give them that chance.

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Mr. GLICKMAN. Mr. Chairman, I yield 2 minutes to the ranking Democrat on the Wheat, Soybeans and Feedgrains Subcommittee, the gentleman from Oklahoma [Mr. ENGLISH].

Mr. ENGLISH. Mr. Chairman, a few weeks ago the subcommittee that I chair over on the Government Operations Committee was looking into some of the problems facing the farm credit system of our Nation, and we had the historian of the Department of Agriculture in to give us a little bit of a background and history as to

what that system was all about and how it came about.

But during the course of that discussion, he made what I thought was a rather amazing and, quite frankly, very startling statement that I do not think either he planned, nor certainly was our committee trying to elicit. That is, he said that he was very disturbed by the similarities between what was taking place in 1985 in agriculture and what took place in 1926. He pointed out that in 1926 we saw the most productive region of our Nation's agriculture; namely, in the Midwest, slowly slipping into a depression, a depression that began to spread like an inkspot throughout agriculture, and finally throughout the rest of the Nation, in fact, pointing out that most economists today recognize that it was agriculture that was primarily responsible for the Great Depression of the 1930's, not the stock market crash, as I think the general public perceives.

I think as I look at it that some people, particularly in urban areas, say well, there are not as many farmers today as there were back in 1926, and surely the impact could not be as great. And I made this observation to the historian. He said that is exactly where so many people are wrong, and perhaps that is the reason they are being lulled by the current difficulties facing America in agriculture, because in 1926 agriculture comprised 20 percent of the gross national product of this Nation, and in 1985, agriculture still comprises about 20 percent.

So it is critical that we come up with a farm bill that gives our farmers a chance to survive, and gives the Nation as well a chance to survive.

Mr. GLICKMAN. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Hawaii [Mr. AKAKA].

Mr. AKAKA. Mr. Chairman, I rise in support of the H.R. 2100, the Food Security Act of 1985.

At the outset, I want to commend the chairman of the House Agriculture Committee, Mr. DE LA GARZA, and the ranking member, Mr. MADIGAN, for their efforts in bringing this bill before the House. The current farm crisis has presented the committee with a difficult challenge. The leadership of the committee has done an excellent job in responding to this challenge, and they bring a bill to the House floor which deserves every Member's support.

I also want to commend the chairman of the Subcommittee on Cotton, Rice, and Sugar, Mr. HUCKABY, and the ranking member of that subcommittee, Mr. STANGELAND, for all they have done in carrying out their responsibilities. In particular, I want to thank them for their efforts on the sugar title of the bill.

The bill freezes the Sugar Program at the current loan rate of 18 cents per pound. While a freeze at 18 cents will

no doubt cause considerable hardship for sugar farmers in my area, I recognize that the Sugar Program in this bill is the best we can expect under the circumstances.

I am concerned about the amount of misinformation being circulated about sugar. It seems that the level of misinformation on the Sugar Program and its effect on consumer prices always escalates just before consideration of the farm bill. I sincerely hope that my colleagues in the House take the time to learn the facts before they consider voting for any amendment to cut the Sugar Program.

Sugar has a long and prominent history in Hawaii. We are proud of our sugar heritage. In 1985, Hawaiian sugar achieved a milestone. This year marks the 150th anniversary of cultivating sugarcane in Hawaii.

Favorite weather, rich soil, abundant rainfall, and a continuous growing season make Hawaii one of the most efficient sugar producers in the world. In Hawaii, we produce 1 million tons of sugar annually; nearly 1 out of every 5 pounds of sugar produced in the United States comes from Hawaii's canefields.

Despite the advantages nature has given us, the future for our sugarcane industry is bleak. As the sugarcane farmers I represent recognize, unless the current Sugar Program is renewed the United States will be overrun by a tide of cheap, subsidized, sugar imports. Without the current Sugar Program and the economic base it provides our State, the way of life we have known in rural Hawaii for a century and a half will rapidly disappear.

The fears expressed by my people in Hawaii are probably no different from those being voiced by many of your constituents. The Midwest is concerned about Japanese auto imports and its declining industrial base. The Southeast wants protection for its textile industry. The Pacific Northwest is concerned about the health of its timber industry. In New England, the issue is how to halt the flow of shoe imports. In Hawaii and in the 15 other States where beet or cane sugar is grown, there are similar concerns about import competition.

Those of us who have fought for a strong domestic sugar policy know of the hardship that U.S. sugar farmers have experienced. Over the past 10 years, 24 sugar refineries and processing plants have closed their doors. During the same period in Hawaii, 30 percent of our cane acreage has been idle and 4 of our 17 plantations have gone out of business. Unless our domestic Sugar Program is renewed, the situation will get much worse.

Unless Congress acts, U.S. sugar farmers will certainly face a bitter future. When the 1985 farm bill is considered on the House floor, I urge you

to support an extension of the current Sugar Program.

Mr. ROBERTS. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Minnesota [Mr. STANGELAND] the ranking member of the Cotton, Rice, and Sugar Subcommittee.

Mr. STANGELAND. Mr. Chairman, there are numerous provisions in H.R. 2100 which are worthy of support and offer some hope to American agriculture. In particular, the long-term acreage conservation reserve, "sodbuster" language to discourage expansion of highly erodible cropland, the Dairy Program's "whole herd buyout" plan, and the Sugar Price Support Program, are just a few of the features which could provide some help for my farmers in northwestern Minnesota.

Unfortunately, one of the reasons it took the House Agriculture Committee 6 months to complete its deliberations on this farm bill is because from the beginning the philosophical debate on this most important agricultural legislation has been extremely polarized.

The Reagan administration first initiated a 1985 farm bill proposal that would have been disastrous for my Minnesota producers and all of American agriculture. Under the banner of market orientation, the administration's plan called for pain, not profit, for our farmers.

On the other hand, those who advocate mandatory controls wishfully think the answer to all of agriculture's problems will be achieved by merely cutting back our production. What do they think we have been doing? While we have implemented supply management programs in 5 of the last 6 years, our export competitors have expanded both acreage and production. At the same time, our share of the world export market in wheat has dropped from almost one-half to about one-third, while our export competitors have gained by the same amount.

Both of these narrow, shortsighted approaches would put American agriculture on a sure fire course for self-destruction. Sometime down the road the Reagan administration's proposal would certainly make our exports price competitive—but it would be a joyless victory after counting the number of farmers who would be sacrificed in the process. There is also no question that strict mandatory production controls would ultimately raise farm prices. But would it be worth laying idle 50 percent of the richest cropland in the world? Saying goodbye to our hard-earned export markets? Dashing any hopes for significant market growth in the future? Adding American agriculture to the list of slowly dying U.S. industries that have already conceded defeat to foreign competition?

The administration's approach isn't truly "market-oriented" because it doesn't call for our Government to fight as hard for American farmers in the world market as other governments fight for their farmers. Yet those who only advocate strict mandatory production controls want to give up without even trying to fight back.

Farmers aren't quitters. Most have had to fight for everything they've got. They just want to see our Government start implementing policies that work for them instead of against them.

That is what I believe this farm bill should be about. And it is why I am still fighting for two new innovative concepts that many of my committee colleagues have joined me in supporting—the "marketing loan" and the "targeting" of Government payments to family-sized farms.

The marketing loan allows us to immediately become price competitive in the export market while protecting farmers' income. Farmers would receive Federal price support loans on all of their production, but would only have to repay their loans at the lower of: First, the original loan rate; or second, the State average price at the time they redeemed their loan. Although many are advocating programs to bolster farm exports by subsidizing the exporter or the foreign buyer, the marketing loan is the one program which makes our exports price competitive by putting the "subsidy" where it is needed most—in the farmers' pockets, not those of the exporter or foreign buyer.

In addition, I will be joining my coauthors on the committee in reoffering our amendment to direct maximum farm program benefits to the middle 85-90 percent of all U.S. grain farmers having wheat bases from 15-500 acres and corn bases from 15-350 acres.

Since the enactment of the 1981 farm bill, countless studies have shown that it is not the extremely small "hobby" farmers primarily dependent upon income earned off the farm, nor is it the large-scale "super-farms", which are most in need of farm program benefits.

I personally feel that in this time of limited fiscal resources, the time has come when we need to direct scarce Federal dollars to those middle 85-90 percent, comprising our medium-sized commercial producers, who will otherwise be driven from the land their families have in many cases tilled for generations.

The committee-approved bill now before us meets the true test of any legislative compromise—nobody likes all of it. Like any painstakingly crafted committee bill, the final result appears less a clear blueprint for the future than it does a mixed bag of confusing and sometimes contradictory

approaches. The best that could be said for it is that it contains the most of what is least objectionable to the greatest number of people. But I still think we can do better.

More than anyone, I am well aware of the uphill battle we face in proposing bold departures from depression-era farm programs.

But I remain convinced that new, innovative approaches are absolutely necessary to meet the needs of modern American agriculture in the 1980's and beyond and to offer farmers some hope.

Mr. GLICKMAN. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. Brown], the former chairman of the Department Operations, Research and Foreign Agriculture Subcommittee.

Mr. BROWN of California. Mr. Chairman, I want to compliment Mr. DE LA GARZA and Mr. MADIGAN for the work that they have done in bringing the 1985 farm bill to the House floor. This has been a long and difficult process which started shortly after we finished work on the 1981 farm bill. Through many months of hearings and markups, we have heard a variety of viewpoints in an open and fair process. We are all indebted to the dedication and patience of Mr. DE LA GARZA and Mr. MADIGAN in presiding over that process.

American agriculture is in the midst of turmoil and transition, facing disastrous debt levels and excessive production, at a time when budget constraints have limited our options. The challenge before us is to stabilize our agriculture sector and fashion a new direction in Federal policy which will carry us through the rest of the century. We take the first steps today.

There will be a number of amendments offered to this bill in an attempt to perfect it, at least in the eyes of those offering the amendments. I will support some of these, particularly the Olin-Michael dairy substitute and the Lundine amendment on peanuts, having reached a different conclusion on those provisions than the Agriculture Committee did. I will have more to say on this in just a moment.

Tucked away in this bill, beyond much of the controversy which may surround other provisions, are changes proposed to our agricultural research extension and teaching programs. In the long run, these programs will do more to shape the direction of tomorrow's agricultural policy than any of the intermediate steps we may take elsewhere in the bill.

Our dairy surplus, for example, comes from dairy productivity advances resulting from years of research and extension work. Yet we have not made similar advances in our dairy policy work, and now have a modern dairy sector tied to an outdated dairy policy. And we are on the

threshold of explosive new technological applications which will make past dairy productivity gains look insignificant.

In other areas of agricultural production, we will see similar changes. Plant agriculture will see new biotechnological applications which, by the end of the century, will cause a revolution in farming. Research to reduce farm input costs will offer new hope to farmers continually squeezed between cost of production and market prices.

If you examine the research extension and teaching proposals in title XIV, you will see a new challenge being issued. Questions about the adequacy of our technology transfer process, from the research labs to the farm, are raised. A recent report by the Congressional Office of Technology Assessment [OTA] raises the issue of the effect of farm technology on farm structure and prompted many of the title XIV amendments. Questions about environmental concerns are expressed in the title as well.

What is not there, and probably needs to be, is a mechanism for taking these new challenges and new technologies and factoring them into our farm policy debates. The OTA tries to do this but cannot manage the entire task. I hope that in future years we can do a better job of combining research, sociological, economic, and policy concerns in order to avoid the surpluses which confront us in our current farm crisis.

As I mentioned earlier, the dairy title of this bill causes me concern and I would like to turn to that issue now.

Many Members joined me in November 1983 in setting the stage for this year's debate on dairy legislation. The occasion 2 years ago was a floor debate on the Conable amendment to H.R. 4196, the Dairy Production Stabilization Act of 1983. Until the dairy program is substantially reformed, this body will be compelled to confront again and again precisely the same issues and political dilemmas. I am afraid we must admit that many years have passed since we honestly confronted the failings of our dairy program—and other aspects of farm policy; 4 steady years of bad economic news about the profitability of agriculture, and the prospects for even worse developments in the next few years, are ample testament to the failings of the last farm bill. The bill failed because it did not provide proper tools to adopt to changing economic conditions.

We are flirting with the same fundamental mistake with the 1985 farm bill. If we once again dodge the bullet in this farm bill cycle and perpetuate past mistakes, the agricultural community, and society at large, will pay increasingly high costs for our collective inability to restructure farm pro-

grams and policies. Undoubtedly over \$100 billion is at stake in this year's farm bill debate.

I argued strongly against H.R. 4196, the 1983 dairy bill that authorized the milk diversion program. I supported a substitute bill offered as an amendment during floor debate by our former colleague, the Honorable Barber Conable. The Conable amendment was simple, and authorized the secretary to reduce the price support level for milk in stages until milk production and demand came back into balance. I'll present today facts which clearly demonstrate that the Conable amendment would have worked far better than the so-called compromise plan in H.R. 4196 that was eventually enacted.

Now, another set of key votes on major dairy legislation is about to occur. The issues haven't changed, that same sense of political drama is in the air, and the stakes are again very high. Once again the always clever and imaginative dairy lobby proposes to keep milk prices artificially high through a complex program that consumers will be forced to pay for. The transfer of wealth triggered by the dairy title alone is likely to exceed \$10 billion over the next 4 years. This time around though, we have the opportunity to make much more informed decisions because of the lessons of the past 2 years. It would be tragic for American agriculture, and society in general if we unquestionably accept again arguments advanced in 1983 that can so clearly now be shown to be either spurious or just plain wrong. I also intend to as bluntly as possible expose the injustice of the dairy lobby's unity plan. It won't take much effort this year—the facts speak loud and clear.

As I did in 1983, I urge my colleagues to critically evaluate the choices before us in the context of the severe crisis in agriculture, and in agricultural policymaking. The committee proposal coming to the floor—the so-called unity bill—is fatally flawed. It is bad policy and it won't work for the same reasons the 1983 legislation failed to deliver as promised. In fairness to Members who supported the compromise plan in 1983, no one fully anticipated the weaknesses in the compromise plan, nor the depressed feed grain prices that further encouraged dairymen to keep production at high levels. In all honesty though, I find it rather remarkable that the committee is again offering before the House a plan which suffers from the same fundamental weaknesses as the 1983 legislation. Let's not repeat the mistakes of 1983—join me in supporting passage of the Olin-Michel substitute bill calling for a predictable, gradual reduction in price support levels.

#### I. CRITICAL ISSUES

During the last two farm bill cycles in 1977 and 1981, dairy policy debates have set the tone, and helped define the approaches incorporated in other major commodity titles. Political struggles in 1981 and 1983 over the direction of the dairy program accelerated the formation of new coalitions and alliances. These coalitions, in turn, have become strong new voices, exerting new pressures in the formation of farm policy. Just like the farm economy, the policy process is becoming increasingly complex, unpredictable, and unstable. Rejection of the unity plan in the bill before the House will mark the end of a 50-year era of farm programs and politics. By passing the Olin-Michel amendment, this body will do more than finally address the basic problem in the dairy program. Our action will signify acceptance of a new set of policy principles governing farm program design. These new principles are defensible on both economic and policy grounds. They should and can now be applied equitably across all farm program commodities, and are responsive in a more equitable way to the legitimate interest of consumers, taxpayers, and all agricultural and food industries.

The unity plan before the House would take the dairy industry another large step toward a complex supply control program that is necessitated for the simple reason that the Government-set price support level is too high relative to the costs of producing milk. The unity plan proposes to address the symptom—too much production—with very costly, cumbersome, and ultimately ineffective medicine. Instead, our efforts should be directed to the cause of the problem—artificially high support prices.

For decades, the agriculture committees have sold Congress and the public on progressively more complex, and costly farm programs that subsidize agriculture by keeping prices artificially high, while attempting to restrict production through some sort of diversion or land retirement program. In 1984 and early 1985, we even tried paying farmers not to produce milk. The approach worked a little bit for a short while, but at great cost to the industry and consumer. Now, the committee bill proposes to continue on this path by extending and expanding the diversion program, and—believe it or not—increasing the price support level for milk. This approach will not work.

The basic fact and principle we should finally incorporate in our farm programs is that farmers are intelligent and rational business men and women. They know that the relative price levels of farm inputs and outputs dictate production levels. Accordingly, this body should adopt in all the titles of the farm bill simple, predictable

formulas to adjust price support levels according to changing market conditions, along with language mandating that the formulas be incorporated over a reasonable time period to avoid any drastic changes in support prices.

I have firmly supported for over 20 years the basic stated purposes of our traditional farm programs—assuring a stable, safe, and affordable food supply to American consumers and a fair income to all those engaged in agriculture. I believe a fundamental policy change is needed not because I now reject the very reasonable goals that farm programs have tried to achieve, but because the programs simply don't work, and hold no realistic prospect of working in the future. Times have changed, and so must farmers—and farm programs—if they are to survive in this increasingly competitive environment governing agriculture in this country and in global markets. In the past we have been quick to obscure the need for change by tinkering with payment rates and swallowing large, additional increments of spending. I feel strongly that Congress should stop misleading producers by acquiescing to pressures that produce policies we know are flawed. It is time Congress began helping the dairy sector work through a difficult period of economic adjustment that is now unavoidable, in part, because of our dairy policy mistakes in past years, and in part, because of increasingly rapid technological changes in the industry.

A second basic principle that Congress should now firmly endorse by passing the Olin-Michel substitute is that consumers deserve a greater share of the benefits brought about by the remarkable efficiency gains made throughout agriculture. The unity plan would keep the price of milk products artificially high, assuring that producers capture most of the economic benefits associated with rising productivity. I think producers should get a major share of the gains, but not them all. With bovine growth hormone and a host of other remarkable new technologies in the pipeline, virtually all experts are certain that dairy productivity will continue to rise steadily for years. Productivity gains can and should translate into lower per unit costs of production, some of which can and should be passed on to consumers in the form of lower prices. For a long list of reasons, this won't happen if we pass the unity plan.

As I did in 1983, I have consulted widely with experts in the field, and studied all the projections available comparing the impacts of the unity plan, Olin-Michel, and other alternative approaches. I know as well as any Member the shortcomings of the various models used, and the many future uncertainties that could alter the pro-

jections. Still, this body must face honestly the magnitude of the stake consumers have in this debate. Over the 5-year life of the program—1986 to 1990—the most plausible estimate that can be made is that the unity bill will increase the income of dairy farmers between \$6 and \$10 billion, largely at the expense of consumers—and taxpayers—who will pay \$6 to \$10 billion more than they would have to under the Olin-Michel substitute for dairy products and the industry's price support program. All projections confirm that such a tradeoff will occur, and most fall within the \$6 to \$10 billion range I've cited. Based on the events of the last few years, I personally feel a strong case can be made that even the \$10 billion figure underestimates the true and full range of excessive costs that consumers will have to pay if we pass the unity plan.

This extra dairy farm income each year would constitute a healthy 8.6 to 14.4 annual increase in farm cash receipts over 1985 earnings. Calculation based on USDA projected cash receipts in 1985 of \$17.4 billion, and between \$1.5 and \$2.5 billion annual increase in income over this level. From the consumer's perspective, the unity plan would raise the total cost of dairy products from 4.3 to 7.2 percent, while also reducing the volume of consumption between 7 and 10 percent. Put in the simplest possible terms, the unity plan is designed to sustain each year a \$2 to \$3 billion transfer from consumers and taxpayers to producers by artificially inflating the overall cost to society of dairy products. Even if it worked as intended, the unity plan would be a very poor deal for most Americans, and a deal much of the dairy industry wants no part of.

There is a third basic issue we now have a chance to squarely face, for the first time in decades, in passing the Olin-Michel substitute. New technologies that have the potential to increase productivity have traditionally been funneled by our farm programs in a single direction—increased per-acre yields or more production per animal. Indeed, most farmers and agricultural leaders don't even understand that productivity can rise while production falls. Most valuable, new technologies can achieve two results equally well: they can raise yields more on a percentage basis than they raise costs; or they can be employed to reduce per-unit costs more on a percentage basis than yields. Today it is abundantly clear to everyone that Federal farm policy should, as a matter of utmost priority, encourage technologies that make us more competitive by lowering production costs. Fortunately, this goal also happens to make a lot of sense in helping resolve surplus production problems. Technologies with the capability to raise productivity both through raising yields and/or

lowering costs, or both have been steadily incorporated in U.S. agriculture, to the benefit of both producers and consumers. Yet public policies have almost exclusively encouraged, through tangible economic benefits incorporated in our farm programs, use of these new technologies to raise yields and production with little or no regard to cost of production consequences. We now awaken to find that Argentine wheat can be sold in the Midwest at a price below the support rate. Oats from Sweden in parts of South Dakota for less than the going market price in the Nation's leading oat-producing State? Is this possible? Farm programs have evolved from a big part of the solution to farm income problems in the 1950's to a big part of the problem in 1985.

I am able to report with some confidence—and trepidation—that no sector of agriculture will benefit sooner, or more dramatically than the dairy industry from introduction of new biotechnologies. Pass the unity plan and those technologies will be exploited with a vengeance, and great success, largely to increase production and raise Government program costs. Cost per unit of production will not appreciably drop, and consumers will share almost no benefits from the efficiency gains made possible by use of the technologies. That is the way the programs have always worked, and is actually the way they are designed to work.

These new technologies offer a great opportunity to the dairy industry to cut costs. Efficient operators should be able to make a good return on investment even after the price support level is cut to longrun market clearing levels, somewhere between \$10 and \$11 per hundredweight with the currently low level of feed grain prices. If producers face a future of \$10 milk, with predictable further adjustments in the price level in response to changing market conditions, the new technologies will be employed in a very different way, with different results.

It is vital, I believe, to make an historic shift now toward farm programs that encourage productivity gains of all sorts—consistent with the needs of the market. When supplies are short and prices rising, let's go for productivity gains through yield increases. But when we are in an era of chronic surplus capacity, let's provide equally compelling inducements to use new technologies to lower costs, thereby helping produce our way out of the economic doldrums.

The economic consequences of the adoption of bovine growth hormone, and other major new dairy technologies, will be determined by a host of public and private policies. Passage of the Olin-Michel substitute will not, by itself, guarantee that these technologies are adopted in ways that reduce

costs, and lower surpluses. But such an outcome is, without doubt, far less likely to occur if the unity plan, and the principles it represents are adopted by Congress as the foundation for future dairy policy.

The Olin-Michel substitute is superior to the unity plan because it is responsive, and realistic in light of the three key issues I've stressed. A simple dairy program with support prices adjusted in a predictable way toward market clearing levels will be reliable, and affordable. It will work as intended, providing producers, consumers, and agribusinesses clear signals regarding economic prospects. It is the most equitable approach, and will encourage cost-savings from the adoption of new technologies. This body, however, will hear many arguments to the contrary, the majority of them based on faulty data and/or analysis. Also regardless of the merits of the case, any major change in dairy policy is bound to be opposed vigorously by some because of political reasons. As a body we have been remarkably stubborn in giving up the notion that we can effectively micromanage the dairy industry.

## II. SUBSTANTIVE CHALLENGES IN CHOOSING AMONG ALTERNATE APPROACHES TO DAIRY POLICY

The 1983 debate on the relative merits of the Conable amendment versus the compromise plan unfolded with a confusing flurry of numbers, conflicting projections, novel and self-serving interpretations of history, and a diversity of dire predictions regarding the consequences of one course of action or another.

This year Congress will be subjected to a similarly confusing combination of conjecture and facts. I am distressed that we begin the 1985 debate ready to repeat the embarrassing episode in 1983 during which the great depth of farm policy expertise represented by the membership of the Agriculture Committee could not produce a coherent explanation to our colleagues of the relative costs and benefits of the major program choices that came up for votes. We were badly divided, and resorted to an unnecessary numbers game that left most Members confused, and some disgusted. This should not have happened because the basic consequences of the compromise plan, in contrast to the Conable proposal to cut price supports, were clear, predictable, and inevitable. Experts can and always will argue about the timing and magnitude of impacts, but there was no reason or excuse in 1983, nor is there in 1985 to obscure the basic direction and approximate magnitude of the consequences of our votes. Yet that is what happened, and may be happening again.

I implore Members to question the validity and assumptions behind all

projections, including the ones I report, because none are infallible, and all have certain weaknesses and/or built-in biases. Yet, even a cursory review of the projections made by several groups yields a very consistent picture of the implications of the two basic approaches the Congress must choose between.

I am also concerned that bogus historical analyses will once again be repeatedly cited to confuse Members. You will hear that cuts in the price support level do not translate directly into reduction in the retail price paid by consumers for dairy products. Five historical instances of this will be mentioned. A close reading of the debate in 1983 will reveal that nobody seriously contended that a dollar drop in the support price would drop retail prices a dollar. There is slippage. But the historical evidence and virtually all reputable economists who have studied the issue agree that a 10-percent drop in the support price produces over a few years between a 3-percent and a 4-percent drop in consumer prices, below the level that would otherwise have prevailed. There is simply no reason to become confused or diverted by arguments over this relationship because the facts are clear. Moreover, I believe that the difference between a 3- or 4-percent response does not appreciably alter the fact that the consumers will be milked under the unity plan. There clearly has been a drop in retail prices of at least this magnitude from the reductions in the price support level beginning in 1983. Members that argue otherwise do not understand the facts, or choose to mislead less-well-informed Members.

There is another argument that will be advanced in emotional terms again this year. Some Members will claim that cutting the price support level will drive off the farm tens of thousands of dedicated families that simply won't be able to make ends meet following a price cut.

I have defended the family farm since entering this body, and will continue to do so. I have consistently opposed policies that favor large farms, or make it more difficult for small farms to survive. I also am encouraged whenever any of my colleagues speak to this concern of mine. But don't let very real sympathy for farmers in financial stress blur the issues at hand. Since 1970, some 25,000 or more dairy farms have gone out of business annually. Others have gone into business. The unity plan, or the Olin-Michel substitute may or may not keep certain farmers in business that otherwise would have to cease production. The basic facts to remember are: there is historically a relatively high degree of mobility mostly out, but in some cases into dairying; the need to reduce dairy production will necessitate some

reduction in farm numbers, regardless of the bill we pass; there is no valid data to document the impact since 1983 of the compromise plan on the number of dairy farms; as I argued in 1983, for most farms, the critical determinant of whether a given farm will survive is whether it is efficient or inefficient in terms of total production costs—including debt service, not whether it is large versus small.

The impact of dairy program changes on the financial viability of highly leveraged and/or inefficient dairy farms is indeed a distressing topic. But those farms facing serious economic problems will not be saved by any feasible program alternative; and those farms in good financial shape will find a way to remain profitable regardless of what actions Congress takes. This point is forcibly driven home by the extremely broad distribution of milk production costs found in a recent farm credit system study: the most efficient group of producers had total production costs averaging \$11.78 per hundred, while the least efficient group had costs over \$20 per hundred weight, reflecting in most cases considerably higher debt loads and interest costs per producing cow. We simply cannot afford, nor justify the immense infusion of funds that would be needed to bail out all dairy farms with production costs considerably above current support and market prices. I do think it both proper and advisable that efforts be made through other programs and policies to help ease the human suffering associated with these economic adjustments. Again, let me stress that other initiatives to help those farmers leaving dairy production will be of great value regardless of the provisions of the dairy program eventually passed by Congress.

A last challenge before this body is to remain focused on real issues and real consequences rather than the political taunts and ultimatums that find such fertile ground around dairy legislation. My colleagues on the agriculture committee bear a special burden to objectively and honestly lay out for the House the pros and cons of the choices before us. I hope we do not revert as we did in 1983 to bogus arguments over numbers, models, and assumptions. We owe the House a straightforward explanation of the probable consequences of the unity plan in contrast to the Olin-Michel substitute. Unless we totally confuse and frustrate everyone again, I am convinced that this body will have a relatively easy time identifying the superior course of action.

### III. IMPACTS OF THE 1983 DAIRY BILL AND THE COMPROMISE PLAN

The failures of the 1983 bill constitute one of the strongest arguments for adoption of the Olin-Michel substitute. The very nature of the commit-

tee bill before us and the many reasons another major rescue effort is needed is ample evidence that the 1983 bill was a failure.

Supporters of the compromise plan in 1983 told this body that this emergency plan would only need to be temporary; that it would "virtually eliminate [USDA's] stockpile of dairy products by the end of 1985." We were told the plan "leaves nothing to chance," that "a number of safeguards (were included) to assure that the diversion program results in a real reduction in milk production"; and that the Secretary's authority to cut the support price another 50 cents after the diversion program would deter production increases at the end of the diversion program.

Milk production in May 1985 increased at the sharpest rate in three decades, and June's monthly production jump was the largest in four decades. Net removals by the CCC in 1985 are expected now to reach 11.4 billion pounds by the end of this fiscal year. The GAO documented that only about one-half of the milk production decrease contracted and paid for in the 1984 diversion program actually was attributable to the program. In other words, many producers were paid for herd reductions that had already occurred for other reasons.

The 5 to 30 percent milk diversion program is an inherently flawed policy tool. Milk production capacity is too slippery to effectively keep track of, and cope with through such a program. The problems that plagued the diversion program in 1984 will arise again if the unity plan is adopted, and as long as such a scheme is attempted.

Several analyses of the reasoning behind producers' decisions to join the program have been completed. In general, producers who were cutting back anyway found participation attractive. Others who felt they could temporarily profit by cutting production joined, with the expectation of increasing production to preprogram levels once the diversion payments ceased. Much of this milk is now coming back on-stream.

Supporters of the compromise plan argued it would save money. Because of the relatively low participation rates, and the trend toward lower feed costs, production did not drop nearly as much as predicted, and has already expanded to levels well above monthly rates at the time the 1984 diversion program was initiated. In light of these facts, further price support cuts remain the only viable option for returning the dairy industry to a sound economic footing since the Secretary has already exercised his authority to reduce the price support rate another 50 cents.

In the 1983 debate, I argued that the temporary authority for price support

cuts in the compromise plan would emerge as a fundamental flaw. It has. The most cogent statement supporting this view was made by a compromise plan proponent in the 1983 debate in reference to the temporary nature of the very unpopular assessment authority given to the Secretary in the Agriculture Budget Reconciliation Act of 1983: "And the (temporary assessment/price cut) signal (given to producers) is a very counterproductive one which reinforces the view that Congress is not yet really serious about using reduction in support price levels as a primary tool for bringing supply and demand back into balance." Of course, the legislative success of the unity plan in reaching the House floor further reinforces those in the dairy industry that expect support prices to remain artificially high. Further details on the projected and actual effects of the 1983 compromise plan appear in table 1.

TABLE 1. ESTIMATED AND ACTUAL IMPACTS OF 1983 DAIRY LEGISLATION

	1983	1984	1985
<b>Production:</b>			
CBO estimate.....	137.6	130.0	133.3
Cornell * estimate.....	139.1	133.0	137.8
Actual.....	139.6	135.4	138.0
<b>Consumption:</b>			
CBO estimate.....	122.5	124.8	126.8
Cornell estimate.....	123.6	128.8	132.1
Actual.....	121.3	122.5	127.4
<b>Government outlays:</b>			
CBO estimate.....	2.37	1.03	1.3
Cornell estimate.....	1.65	2.06	1.6
Actual.....	2.6	2.0	1.9

\* Cornell projections provided by Dr. Andrew Hovakovic in November 4, 1983 letter to Congressman Brown, printed on pages 9528-9530 of the November 9, 1983, Congressional Record.

I do not wish to unduly belabor the shortcomings of the 1983 bill, and have dwelled on these points primarily to highlight the many reasons we should reject the unity plan. I will not address other important problems like the unequal distribution of payments in the diversion program, a weakness in the plan insightfully identified and addressed by the minority leader Mr. MICHEL in his floor comments in 1983. The assessment that will be used to finance the new diversion program also represents an inequitable transfer of wealth within the industry. The level of the assessment needed to make the program self-supporting is also a matter of dispute, although I am told it surely will not fall below 4 cents, and could very likely reach 7 cents. While the Department of Agriculture's estimate of \$1.05 to \$1.25 is probably high, the committee's contention that the assessment would never exceed 56 cents is most certainly low.

#### IV. OLIN-MICHEL AND THE FUTURE OF THE DAIRY INDUSTRY

The dairy industry is a critical sector of agriculture, accounting for nearly 13 percent of all cash receipts earned by farmers. Products from this industry are vital to sound nutrition and

the health of our population. There are 300,000 dairy farms around the country, each making important contributions to local economies and the Nation's prosperity.

Passage of the unity plan is not in the best interests of the dairy sector, and clearly is not good for consumers and/or taxpayers. The sizeable transfer of wealth from consumers to producers under the Unity Plan is, to many farmers, reprehensible. Many of the farmers that oppose the Unity Plan desperately need the extra income it would provide them in the short run, yet they reject it because they recognize the weaknesses of the Unity Plan. They fear that the Unity Plan will become a wedge in the public's mind, dividing like never before the interests of consumers from those of dairy producers.

Responsible dairy farmers want to retain the trust and confidence of both consumers and taxpayers. They believe they can provide the American public a better deal on dairy products, save the Government some money, and restore economic order and predictability to their industry. They are very anxious to do so now because they suspect that other profound technological changes are just a few years from commercial application that could further exacerbate overproduction and economic tensions if the unity plan, or a related approach is still in place.

I commend those in the industry who recognize the need to accept change. The Olin-Michel substitute would produce a dairy program that is predictable. It would clearly be the most orderly in assisting the industry work through painful adjustments. Under any plan, some farms and regions will fare somewhat better than others. No plan can save all dairy farms now in economic trouble, nor preserve dairying in regions where production costs have risen above average levels attainable elsewhere.

Close to the end of the very long, often heated debate on the Conable amendment in 1983, a significant player in the legislation—Mr. MADIGAN, the Agriculture Committee's ranking member—broke a very conspicuous silence. For weeks he had refused to take a position on the amendment although he was very heavily lobbied by both sides. He opened his comments by deliberately stating that his position on the Conable amendment had been undecided. Then he said:

Historically the only thing that has reduced the dairy surplus problem has been a Conable (price-cut) type provision. There is plenty of data to support that assertion.

The Compromise would ultimately get to the Conable-type provision and it appealed to me because it did it gradually and it said "Let us try these other things first."

But today we heard from the sponsors of the Compromise that before they would

allow us to reach the chronological point in the timetable that the Conable-type provisions would be arrived at in the Compromise, they would intervene with other legislation . . . I do not want this assembly to be misled. I want the members to understand that we have a Compromise because an earlier idea failed, that before the good part of this Compromise can be arrived at, we are going to go on ad infinitum until the whole thing finally collapses of its own weight.

Mr. MADIGAN's assessment is, in my judgment, an accurate one. His words set the context for the choice once again before the House. The time has come now to begin a new approach to farm policy. The financial plight of so many involved in agriculture today distresses us all, and is the most forceful testament possible to our need for a new approach to farm policy. We need new strategies that build on the traditions and lessons of the past, yet are designed to fuel and harness—not hold back—the productive potential of U.S. farmers. If we reduce per-unit production costs as dramatically in the next 15 years as we have increased per-acre production since 1970, U.S. agriculture will regain an ironclad grasp on its position of commercial preeminence around the world. There simply are no scientific or technical reasons why we should be any less successful at cutting production costs in contrast to raising yields. We simply have never really tried, raising yields has always seemed the only logical thing to do. In the 1985 farm bill, we must take an historic step by accepting the need to lower support price levels for all commodities to encourage—even compel—producers to utilize technology first and foremost for reducing costs as a matter of economic necessity and survival.

We need to challenge and refocus the entrepreneurial skills and talents of agribusinesses, scientists, and engineers. Let's start by adopting a dairy program that rewards efficiency, that can easily accommodate further innovation, and that equitably shares the benefits of the tremendous productivity gains we are fortunate enough to enjoy.

Let's stop fooling ourselves, and deceiving farmers. This body lacks the ability and time to manage the dairy industry with complex programs, like the Unity Plan, and this body will not continue to appropriate increasingly large sums of money to support a program that so consistently fails, so predictably costs more money than promised, and that imposes such great and unjustified costs on consumers. Join me in what will be a first historic step toward a new foundation for farm policy by passing the Olin-Michel substitute.

Mr. GLICKMAN. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from Texas [Mr. GONZALEZ].

Mr. GONZALEZ. Mr. Chairman, I thank the gentleman from Kansas for allowing me these 2 minutes.

I rise with a troubled heart because I see the fulfillment of something that since 1965, some of us have been addressing from the financial-structural standpoint. At this point in America we are facing a domestic time bomb that is far more explosive than the so-called Third World debt bomb. We have a home-made debt bomb of our own: Every day you read about another farm bank going under.

Now, nothing in this legislation addresses the central issues or does anything to really arrest the further decline of American agriculture. I realize, being chairman of the Subcommittee on Housing, what it is to try to legislate constructively under the situation we confront today.

In the first place, with the entry of Portugal and Spain into the European Common Market, we will see a further preempting of our American grain exports to that area.

As far back as 1962, my first month in this House, in the 87th Congress, I voted against the John Kennedy pet proposal, the so-called General Agreement on Tariffs and Trade because of the fact that it was obvious to me that nobody in America, all during the 8 years of Eisenhower's regime, not one reference was made to the emerging European Common Market that was destined to preempt our agricultural exports.

Our most productive American element, which is agriculture, is knocked out of the world markets because of the imbalance in our currency situation. The American dollar has been very well manipulated to where it is overvalued and we just do not have a chance. Until we address those central issues, we will be flailing our arms.

Mr. ROBERTS. Mr. Chairman, I yield 5 minutes to my distinguished colleague and friend from Nebraska [Mr. BEREUTER].

Mr. BEREUTER. Mr. Chairman, I thank my colleague for yielding me this time. I am not a member of the Committee on Agriculture, but I do want to in all sincerity compliment and congratulate the chairman of the committee, the ranking member, and all members of the House Agriculture Committee for their their long and very sincere effort to find solutions to our major agricultural problems today.

I think there ought to be different kind of medal, a Congressional Medal of Honor for all of you for what you have been through, and I believe that you probably should be issued steel trousers for those many hours of hearings that the committee has held.

I think it is indeed appropriate that the committee has named this bill, H.R. 2100, the Food Security Act. That gets to the heart of what we are

attempting to do by assisting the American agricultural sector by providing a profitable agricultural base for the country. This has been a difficult task, I know; the committee has tried to build a consensus and it has gone a long way toward doing that. I wish the committee the best as we proceed in debate next week and following, and in the conference with the other body.

I want to say to my urban colleagues a particular thank you because so many of you have been visited by representatives of farm States, by farm organizations such as the farm crisis group that had its genesis in Emerson, NE, in my district.

You, my colleagues, have been extremely courteous and have listened to these representatives of farm families and agribusiness families. To all of my urban colleagues, I very much appreciate the sincerity with which you welcomed and listened to my farm constituents and those from other districts.

A special thanks to the Black Caucus, who have really, I think, gone out of their way to be hospitable and helpful to farm families from throughout the country.

There are many elements of controversy, of course, in this farm legislation; they have to do with whether or not a particular commodity should be under a farm support program; the levels of support, the referendums that may be offered to provide a choice; but I think we ought to concentrate a little bit on some of the innovative, imaginative, very positive things that are part of this farm legislation.

They certainly, in my judgment, include the conservation reserve. There seems to be unanimous support for that effort; I think it is overdue, but it was recognized early and now you are bringing us legislation which would establish this conservation reserve.

Likewise, the sodbuster provisions of this bill are very important, and I compliment the committee for those two conservation-related aspects of the bill and for the kind of changes that you helped craft; primarily the Committee on Agriculture, although the House Foreign Affairs Committee where I serve also has jurisdiction; I speak of the Public Law 480 Food-for-Peace Program. Those are important steps forward.

The Agriculture Export Commission, where I serve with seven other Members of the House, has found that most of its recommendations are incorporated in your legislation. We think that is appropriate; we congratulate you for the more aggressive stance that you have taken on expansion of exports.

I have met, as a part of a delegation, met twice a year with members of the European Parliament, and they con-

tend that indeed we have as many dollars or units of subsidy to our farmers as they do to theirs; and perhaps that is true, but I have pointed out frequently to them—perhaps without success at this point—that most of our subsidy dollars are aimed at reducing production, while theirs are aimed seemingly at increasing production to unprecedented levels.

Then they come along and use their export subsidies; the francs, the deutsche mark, to take away markets by export subsidy. So the primary beneficiary of our efforts to reduce production, to reduce surpluses, has been not first and foremost the American farmer or taxpayer; it has been the French farmer or his counterparts in the European Community.

I think you have taken some steps to deal with that problem; much yet remains to be done. I think it is important for all of us, but especially perhaps the urban colleagues, to think a little bit as we proceed with this debate, about the unusual agglomeration of problems that have come together to create disaster which affects whole states and whole regions and whole sectors of our agricultural economy.

Certainly, the genesis can be traced back at least to the creation of OPEC, the shock waves coming out of that, to fiscal policy, to a monetary policy which was primarily a stop policy in 1981 and 1982, which brought down the value of the agricultural land incredibly.

So this is the most important trade bill, and agriculture credit bill, as well as being a farm bill, and I commend my colleagues through the next few days.

Mr. ROBERTS. I yield myself such time as I may consume in the remaining timeframe that I have.

Mr. Chairman, it is not going to be my purpose in speaking in my own behalf to go down the litany of grim facts that do underscore the economic adversity that we are going through in farm country; the hurt, the fear, and the personal grief. That is a given.

Let me say that of the many problems that we face in agriculture, that these problems are not of the farmers' making. We have had a lot of publicity in the news media and a lot of folks in Washington pointing the finger of blame at the farmer; I just do not think that is accurate and I do not think it is right.

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At the same time, I think many of these solutions to what ails us in farm country is beyond the scope of the Agriculture Committee. The budget that we passed here just a few weeks ago forced the Agriculture Committee to trim \$7.9 billion from baseline and \$11.4 billion from the committee bill

that we passed. It forced the farmer to take a cut from what we are spending now in regards to agriculture. It did not force the Defense Department to take a cut, and it did not force the people on Social Security to take a cut with their COLA's or the rest of the entitlement programs, but yet it asks the farmer to take a cut despite the adversity that we are facing.

I do not think that is right. I do not think it is fair. I did not vote for the House budget. As a matter of fact, I think that budget is full of smoke and mirrors. I do not think it is going to get the \$50 billion that it alleges down from the deficit. And the irony of it is that all of the people in my country, in the big First District of Kansas, want that deficit reduction No. 1 in terms of their issues of concern, and they will even believe more, they will even believe more, Mr. Chairman, in order to get the deficit down, but at the same time we pass a budget that does not do that, does not take that dramatic step, and so I am forced, as a member of the Budget Task Force of the House Agriculture Committee, to try to cut \$11.4 billion out of a bill that I really do not prefer. The bill that I preferred was introduced by Mr. STANGELAND, Mr. GLICKMAN, and myself, the marketing loan bill. It lost by only two votes in the committee.

So the irony is that while farmers in my country would like to see significant budget reduction, the budget we have does not do that. Yet we have to cut more out of the farm bill.

If these were normal times, Mr. Chairman, this would be a good bill. It is a good bill in many respects. We have a conservation reserve. My colleagues have spoken to that. We have sodbuster legislation. We actually reform the acreage base provisions of this farm bill that will be of help to my long long-suffering summer fallow producers. We did contain positive language on the cargo preference section of the bill, until merchant marine reclaimed that issue and put their bull in our pasture. And I would say to the gentleman from Michigan [Mr. BONIOR] who is currently serving as Chairman of the Committee of the Whole House, that, yes, this issue does only involve 2 percent of our export sales, but it will involve a lot more in the rest of the export program that we have, and we are not moving any grain right now into the export market. And if in fact it only involves 2 percent, I think that perhaps the Department of Transportation should pay for that and not agriculture. But it is not my intent to rehash the cargo preference issue at this particular time.

We have instructions to Extension and Research, those fine departments within the USDA, to do some things on the cost of production. We have a cost of production board that is made up of farmers to really try to take a

good look at the true costs that we have out in farm country today.

So it was a good bill in normal times, but these are not normal times. We are going through a terrible time in farm country. This past August I toured the 58 counties of the big First District, that is 4,000 miles, 3,700 people turned out. It was a record. I do not care whether it was the courthouse, the church, the coffee shop, the elevator, or whatever, the primary issue is farm income, and, yes, there was another issue, and that is preserve the credit walls or the credit home of the farm credit system, our commercial banks, and our Farmers Home, as well. So I am going to say that the farm credit issue that my colleagues have spoken to deserves at least the same amount of time as the farm bill, and I think that is what we are going to see.

Let me caution, then, my colleagues, that if and when we pass this bill, when it is finally signed by the President, we have not solved this problem. Before this session is over, we will be back with the farm credit issue, and, in my view, an emergency farm bill.

Another issue this bill does not address is what are we going to do with the massive amounts of grain that are going to be forfeited to the Government in the next few months. Uncle Sam is going back into the grain business. We harvested a near record wheat crop this summer, and we are now harvesting a record fall crop of feed grains because the market price is now below the loan rate. Most of it will go under loan to the Government and ultimately may be forfeited to Uncle Sam.

By this time next year, if Congress or the USDA does not take steps to correct this situation, we will be drowning in a sea of surplus grain that we cannot sell. I am predicting, perhaps, not son of PIK, but something like a light commodity payment, so we can get out from under that grain.

I hope we will be able to pass this farm bill, get a bill signed into law as soon as possible. My farmers are already putting some seed into the ground. But let me warn my colleagues that the problem is so enormous and the economic malaise, if you will, is so acute in farm country that we will be faced with an emergency bill. Every farm bill that has been passed here the last four times has been followed by a crisis bill, an emergency bill, to correct some of the problems not addressed by this bill. So once we get this budget business or budget game, if you will, out of the way, I predict we will be back with an emergency farm bill. We are at a very critical crossroads. We can continue to pay lip service to our growing economic crisis in farm country or we can take action now to protect and shore up our farm lending system, to pass this farm

bill and to make those very, very difficult choices needed to reduce the deficit, which is the number one issue in farm country.

There is no time left, Mr. Chairman, and no place to hide. We have to act. We have jumped that first hurdle in the House Agriculture Committee, due to the leadership of the gentleman from Texas [Mr. DE LA GARZA], the gentleman from Illinois [Mr. MADIGAN], and my fine colleagues on the committee. It is time now to do the same thing on the floor of the House.

Mr. Chairman, I reserve the balance of my time.

Mr. GLICKMAN. Mr. Chairman, I yield myself such time as I may consume.

As no doubt the last speaker on the majority side, I do not want to reiterate what everybody has said, but I do want to point out, at least at the beginning, that our committee did make a conscientious and effective effort at complying with the budget that we did pass, as bad as that budget may be, as the gentleman from Kansas [Mr. ROBERTS] just indicated. We did pull our own teeth and others, as well, to get those numbers down. And for anybody who is watching this debate, I will ask them to focus on pages 520, 521 through 525 of this bill, where we do list the meat and potatoes of the budget cuts that we made, and I want to make sure that my colleagues know that at least this body was responsible in trying to get the bill, as difficult and painful as it is right now, within budget.

As both Mr. ROBERTS and Mr. GONZALEZ and others have talked about, there are a lot of problems facing farm country today, many of which have nothing to do with the farm bill itself—large deficits in the last few years, high value of the dollar, tariff and nontariff trade barriers by other nations, making it impossible for our commodities, not only our manufactured goods but our farm commodities, to be sold into other countries, Government policies which often work against the producer of food and fiber of this country. But, unfortunately, the way this institution works, the way our country works, we do not come down with one big giant bill to take care of it all. We have to take care of the basic farm commodity problems that we have, and that is the function of this bill. It is not a perfect bill, but it is a heck of a lot better than what the President and Secretary Block proposed to us 7, 8, 9 months ago, and, obviously, almost everybody feels that way, because nobody, not even the President and Secretary Block, are sending us down signals that they support that original package. We did our best under very difficult circumstances to come up with a bill that tries to preserve farm

income at least at the levels of what we have had it in the past. There are a lot of hot items in this bill, items like peanuts and tobacco and dairy and the Bedell amendments, and I am sure there are other hot items as well, efforts to decrease target prices, and I hope that my colleagues from both rural and urban areas, while they will have to use their own judgment on each one of these amendments, will do their best, as a whole, to preserve the delicate balance that we have tried to create and the complicated bill, with hundreds of different provisions.

I have been in the House almost 10 years, and I have never dealt with a piece of legislation that combines so many different pieces of the pie in one bill as the farm bill does. And people said, "Well, how is the farm bill?" And I tried to explain, "Well, there are a lot of different pieces to the farm bill, from commodity issues, to conservation, to credit, to exports, to almost everything under the sun."

But the fact of the matter is, we put this together, trying to come up with a piece of legislation that will be effective.

I just have a couple more comments before I reserve the balance of my time. I do hope that my colleagues will look favorably upon the Bedell amendment, an amendment which gives farmers the choice of voting on what program they would want next year.

I also hope that my colleagues will give favorable consideration to an amendment that I will be offering with the gentleman from Kansas [Mr. ROBERTS] and the gentleman from Minnesota [Mr. STANGELAND] to tie a marketing loan concept to targeting of deficiency payments, so that we will have really and truthfully an innovative approach to farm problems without increasing the budget.

Targeting is interesting. It basically says that the benefits will go primarily to small and midsized producers, as opposed to producers of all kinds. It is controversial. But it is something that I think should make sense to a lot of people in this Congress who want to see that farm moneys go to people who really need it.

A few years back we had a bill to help save New York City, and at that time, as I approached that bill, I thought to myself, "What does a Member from Kansas have to gain by providing help to New York City?" And notwithstanding the politics of it, I felt at that time that it would not be in the interests of America to see the Nation's largest city suffer financial catastrophe. We helped with that problem. New York City is a much more thriving place today because of it. And I am proud of my vote. Today, rural America is in a crisis, at least as bad if not worse than the crisis that New York City was in. And I hope that all of my colleagues, rural and

urban alike, notwithstanding their specific positions on some of these side issues, will see fit to support the basic farm bill as we have brought it from the Agriculture Committee.

Mr. Chairman, I reserve the balance of my time.

Mr. ROBERTS. Mr. Chairman, I have no further requests for time, and, therefore, I yield back the balance of my time.

Mr. GLICKMAN. Mr. Chairman, I yield 2 minutes to the gentleman from Idaho [Mr. STALLINGS], a new member of the committee.

Mr. STALLINGS. Mr. Chairman, I rise today to speak in favor of H.R. 2100. As a freshman Member, I have been most impressed with the way this committee has operated. I find a real sense of commitment to the well-being of the farmers of this country and a sense of the crisis that is about to envelope the entire land if something is not done to reverse this. So, to me, H.R. 2100 is perhaps the most vital bill we will be dealing with this session.

There is no question in my mind that the House farm bill will improve farm income while making our farm products more competitive in world markets. Our particular concern to farmers across this country is the opportunity to get a decent price for their products. America owes them that much and, in my mind, much more.

I would like to take a few minutes to speak to two specific provisions in this Food Security Act.

First, I applaud the language that was originally contained in H.R. 2100 that would remove cargo preference regulations, that specified designated exports be shipped in American vessels from the USDA's commercial export sales programs.

I call on all Members of this body to support cargo preference provisions that will allow our farm export programs to work as intended and still preserve our maritime industry.

Second, I urge my colleagues to support the sugar provisions in H.R. 2100 which direct the Secretary of Agriculture to support domestically produced sugar cane and sugar beets through nonrecourse loans at a rate not less than 18 cents per pound.

This price support system is vital to our domestic producers, numbering more than 13,000 families farmers in 15 States, along with nearly 150,000 workers involved in indirect and related sugar industries, who, it seems, are facing the same problems from foreign competition that most other domestic industries are now fighting.

We have an opportunity in the next few days to do something right for these producers, and that is to continue a program that works, a program, I might add, that does not cost the American taxpayers a single dime.

Do not be fooled by arguments that will be made by opponents who claim that the sugar program costs the American consumer tremendous amounts of money. The truth is that when sugar prices are high, these costs are indeed passed along to the consumers. When sugar prices drop, these cost savings do not seem to get spread along to the American consumer.

One last point: During the period of 4 percent annual inflation, the loan level on domestic sugar was increased only 1.4 percent a year. Surely, this cannot be a great windfall to our family farmers.

Mr. Chairman, I urge the support of the Members for this farm bill which represents hope to the family farmers across this land.

Ms. MIKULSKI. Mr. Chairman, I rise today and commend my colleagues on the House Agriculture Committee for their tireless efforts in working to help America's farmers out of the current crisis many of them face.

As a Representative from the State of Maryland, which claims agriculture as its No. 1 industry, I am deeply concerned about the plight of our farmers. Whether it is a poultry farmer on the Eastern Shore, a dairy farmer from Howard County, or a tobacco grower in southern Maryland, I believe it is essential that we work to insure that farmers receive a fair price for their produce.

In recent months we have heard a great deal about the difficulties which our farmers face: record numbers of foreclosures, high interest rates, low prices, and huge crop surpluses have placed thousands of family farmers in circumstances reminiscent of the 1930's.

It is my hope that with the enactment of new farm legislation we can improve the condition of our farmers and enable them to get through these tough times.

There are two provisions in H.R. 2100, as reported by the House Agriculture Committee, however, which I take strong exception to:

First, is the bill's sugar title. It would maintain the sugar loan rate at 18 cents a pound for the next 4 years, and retain the requirement that the Department of Agriculture maintain the market price for sugar roughly 4 cents higher than the loan rate.

The program was designed in 1981 to protect American sugar growers while the real effect has been to cost 3,000 American jobs in 7 refineries which have been forced to close because the amount of imported sugar processed in the United States has dropped from 5 million tons annually to about 2.5 million tons.

The 1985 farm bill maintains the current 18-cent-a-pound loan rate. If this is not modified, we will see more refineries close, placing another 4,000 jobs at risk. Of greatest concern to me is the chance that 650 Marylanders who work at Amstar's sugar refinery located in my congressional district will be put out of work because of the

restrictive sugar policies which this bill would continue.

To prevent these dire economic consequences from occurring, I will be supporting my colleagues Representative TOM DOWNEY and BILL GRADISON in their effort to modify, but not eliminate, our sugar program. Through a combination of modest loan rate and market price reductions, this amendment will protect our Nation's refinery workers from being forced onto the unemployment lines.

The second provision I oppose in H.R. 2100 as reported from the House Agriculture Committee is that which would exempt Government-sponsored agricultural export programs from our Nation's cargo preference laws.

The press focuses on how many subsidies the U.S. merchant marine receives, and how cargo preference is crippling our ability to export American agricultural products. My colleagues ought to know, however, that at its peak, the U.S. merchant marine received \$650 million a year in Government assistance, while agriculture will get as much as \$11 to \$12 billion this year alone from direct Government subsidies.

I cite these figures not as an indication that we ought to slash our help to farmers, but to suggest that our merchant marine should not, and must not, be made a whipping boy for the plight of American farmers.

Cargo preference laws affected less than 2 percent of the 145 million tons of farm goods exported from the United States last year. Yet this small percentage of cargo accounted for over a third of the revenue which our merchant fleet generated.

Simply put, without cargo preference, we will face the virtual extinction of the U.S. merchant marine, part of our national infrastructure and truly the fifth arm of our national defense.

While American farmers have been suffering, so have American mariners. In the last three decades the number of people working in the maritime industry has dropped from over 70,000 to roughly 18,000. In the last 4 years alone, nearly half of our active merchant fleet has been scrapped because of the worldwide shipping glut.

Shipyards have closed and companies that once proudly boasted of ships in the U.S. fleet have been forced to diversify for lack of cargo, foreign subsidies, and Government unwillingness to provide even the smallest amounts to American mariners.

What has happened to the maritime industry is endemic of what has happened to our entire manufacturing/industrial base, as nearly 2 million jobs have been exported overseas and our trade deficit soars to an all-time high.

Because of this concern over weakening our Nation's cargo preference laws, I supported the leadership of the Merchant Marine and Fisheries Committee, particularly chairman WALTER JONES and vice chairman MARIO BIAGGI, removing this anticargo preference provision in our committee.

I am pleased that the Rules Committee has acknowledged the principle jurisdiction

of the Merchant Marine and Fisheries Committee on this issue and has given us a bill that does not have the anticargo preference language in it.

In the event that someone would attempt to reinstate it, I intend to strongly oppose such an effort. In trying to assist two struggling industries, agriculture and the merchant marine, we should not seek to aid one at the expense of the other.

In conclusion, it is my hope that this House can produce a farm bill that is truly in the best interests of America: Legislation that helps American farmers without sacrificing America's manufacturing and maritime infrastructure.

Mr. KASTENMEIER. Mr. Chairman, colleagues, can there be any doubt in the minds of any member of this body that the farm crisis we have been facing for so many years continues steadily to worsen? That today, as highlighted by the recent declarations by the Farm Credit Administration that (in the absence of an infusion of Federal money) the Farm Credit System will soon go bankrupt, we stand on the brink of a final showdown for anywhere from one-third to one-half of our farmers.

One need only travel the backroads to see evidence that rural America is already suffering from a lack of capital. In small towns, houses and buildings go unpainted. Repairs are not made. Rural highways which used to be maintained in good condition are left for repaving in some future year. There is no money. There is no income. Rural counties are reporting that tax delinquencies are approaching record highs.

For over one year now the debate has raged in Washington and throughout the country as to what our national farm policy—as established by this bill, the 1985 farm bill—should be. Having experienced half a decade of declining farm prices, declining farm income, declining farm exports, rising farm foreclosures and bankruptcies, increasing bank failures, and intolerable rises in farmer depression and farm suicides, rural America has looked to this bill.

They have done so not optimistically, but hoping against hope that perhaps now, at last, the situation has gotten bad enough that the Government would turn to farm programs which would actually raise farm income, which would recognize that more credit alone is not an answer.

And what has the response of the Government been? President Reagan has been steadfast in his opposition to programs aimed at improving farm income. He has advocated programs which will clear out our markets by allowing our prices to drop to world market levels. He has rashly warned the Congress that he will veto any legislation aimed at improving farm income by decreasing farm production. He has accepted the inevitability of the disappearance of small, family farmers and has adopted a let them eat cake attitude to those who will be forced into bankruptcy by his cheap food policy.

The President had drawn the battlelines as sharply as they could be drawn by es-

pousing a do-nothing fatalistic approach toward the plight of farmers whose fortunes have been crashed upon the rocks of slow-growth Reaganomics. The question as we consider this bill is what our response will be.

Just this week Earl Butz, the discredited former Secretary of Agriculture appointed by Nixon, was in my district disclaiming the existence of a farm crisis and proclaiming that it was, in fact, nothing more than the creation of a national media on the prowl for a new witch to hunt. Citing the proposition that perhaps some 60 percent of all farmers were doing well, Butz blithely ignored the other 40 percent and suggested things are just fine down on the farm.

We must not adopt this ostrich approach to our agricultural situation. We cannot hide our heads in the sand or the sand will soon be blowing down the streets of rural America.

The Agriculture Committee worked hard for many months to develop a bill which would improve farm income while lowering Government program costs. The bill which they have reported would accomplish that end. It could be better. And I will support amendments to make it better. But I would urge my colleagues not to make it any worse. The President is capable of leading the fight against a good farm bill. We do not need to do his work for him.

The Bedell voluntary certificate program for wheat and feed grains will improve income for wheat and feed-grain farmers. Let us not remove it from the bill. I will support efforts to expand and improve the Bedell approach. If the Alexander amendment is offered, I will vote for it. Not because it is the ideal farm program, but because it would give farmers the opportunity to vote in a referendum and determine whether or not they want to pursue mandatory supply control as a means of revitalizing our farm economy.

The Dairy Unity Act included in this farm bill is not the best we could have done for dairy farmers. I will be supporting efforts to improve it. But it is a better alternative than that being pursued by the administration. It does lower Government costs. It allows farmers to help themselves by supporting the costs of Government purchases and by cutting milk production.

I oppose the dairy provision which increases class I differentials for most of the milk market orders. I will support efforts to remove those increases from the bill because they put Wisconsin dairy farmers at a tremendous disadvantage. They actually would encourage increased production in many parts of the country when the intent of the diversion is to lower dairy production. I may offer my own amendment on the differential increases. But if my efforts fail, I will support the bill as being a better option than nothing—a better option than the President's approach.

And so, I ask my colleagues to join me. Let's resist the efforts to turn our backs on our farm problems. Let's pass a farm bill that will let American farmers know where their best interests really lie.

Mr. GROTERBERG. Mr. Chairman, today, the House begins consideration of H.R. 2100, the 1985 farm bill. This is a very complex and controversial measure, but one which affects all of our citizens, directly or indirectly. For the benefit of our colleagues, I would like to include my news column, written this week, detailing my feelings about the pending bill:

GROTERBERG ANALYZES HOUSE VERSION OF NEW FARM BILL

WASHINGTON.—It's taken months of hearings and hours of testimony from frustrated farmers and concerned agri-businessmen, but the House Agriculture Committee finally approved a new omnibus farm bill Sept. 10.

I'd be the first to admit we need to abandon our old Band-Aid approach to correcting the problems our farm communities face by drafting a new farm bill, but the one just approved by the Agriculture Committee has some major problems.

The bill, which could come to the House floor as early as this week, is supposed to preserve a five-year income protection safety net for farmers, as well as provide new trade expansion and conservation programs.

When the committee originally began marking up the bill, it carried a price tag of \$42.8 billion over three years. But because of the \$34 billion congressional budget limit, committee members were forced to reduce its total cost by \$11.8 billion.

The bill provides that for five crop years—beginning in 1986—market prices of major crops including corn and wheat would be made more competitive by authority to link commodity price support loan rates more closely to market conditions, and by several export and expansion programs.

In the final hours before the bill gained approval, an amendment was added giving farmers an opportunity to vote by referendum for higher wheat and feed grain price supports (Bedell amendment). The referendum requires approval of 60 percent of all voting farmers, and at least 50 percent of both wheat and corn growers, before the controls could go into effect.

It's this amendment that causes the problems, as I see it, because farmers who do not participate will not be allowed to sell domestically, and would not receive any subsidies. Participating farmers, on the other hand, would have to adhere to domestic wheat and corn limits, but would also receive subsidies. For those participating, crop loan rates would increase from \$3.30 to \$4.50 a bushel for wheat, and from \$2.25 to \$3.25 for corn.

This amendment would take more land out of production and decrease exports, signaling foreign countries to increase their production. And livestock producers would pay more for feed grains.

In talking with some members of my farm advisory group—the members of which are farmers and businessmen from each county in my district—they are not happy with the overall effects of the farm bill.

John White Jr., of Elburn, who is president of the Illinois Farm Bureau, said he is "opposed to the referendum" because the production controls could be instituted by only 60 percent of all voting farmers and at least 50 percent of both wheat and corn growers.

Eldon Gould of Maple Park said he wants to see present target prices maintained and the loan prices scaled down. He said he also favors production limits because "we're producing more grain than we're using."

Malcolm Whipple of Utica said his main concern is "getting the federal deficit cut down, at all costs, even if it means the farmers have to take their share of licks."

The vote by the House Agriculture Committee sets the stage for more skirmishing on the House floor, where program supporters and consumer groups intend to take new aim on the bill.

While there is still plenty of time for debate and changes on the House floor, I have real problems with the bill as passed out by the Agriculture Committee.

Mrs. BENTLEY. Mr. Chairman, today we are considering the comprehensive farm bill, H.R. 2100, the Food Security Act of 1985, as reported favorably by both the House Committees on Agriculture and Merchant Marine and Fisheries. The new farm policy, as reported by the House Merchant Marine and Fisheries Committee, is a sound bill benefiting two vital American industries, the agriculture and maritime industries, which can contribute to an improved balance of trade and generate American jobs. As it happens, these two industries, agriculture and maritime, are the very industries that have suffered the most due to the ever increasing U.S. trade deficit.

I believe that a productive, healthy agricultural industry and a strong maritime industry are vital to the economic well being and security of our Nation. I am very supportive of maintaining Federal support programs which benefit the agriculture community. At the same time, I know the importance of the cargo preference laws to further this Nation's policy of having a U.S. built, owned and operated merchant fleet sufficient to meet the Nation's waterborne commerce requirements and capable of serving as a military adjunct in time of conflict.

Cargo preference is essential to the U.S. merchant marine generating a high portion of the total tonnage carried by the U.S. fleet, 37 percent in 1983. It is important to remember that of the 145 million tons of agricultural exports in 1983, less than 2 percent, and I emphasize only 2 percent of the total agricultural commodities exported were covered by the cargo preference requirements. Also, I must point out that cargo preference requirements do not increase the cost of U.S. agricultural export and do not inhibit export trade. Cargo preference does not add 1 cent to the price the farmer receives or the price the overseas customer pays.

Both of these industries are forced to compete abroad in the face of highly subsidized foreign competition, nontariff barriers and restrictive foreign policies. It is clear that both industries deserve, and are guaranteed under the present law, the support of our Government and neither should be helped at the expense of the other. This is exactly what H.R. 2100 accomplishes as reported by the House Merchant Marine and Fisheries Committee, which I proudly serve. Thank you.

Mr. HILLIS. Mr. Chairman, during the August recess, I was driving the back roads of Indiana and marveling at the fields of corn and soybeans which stretched as far

as the eye could see. The weather had been too dry most of the summer, yet the technological advancements of modern agriculture were about to give us another bumper crop.

Indeed, everywhere I went I heard the same worry from our farmers: The crop was going to be so good this year, corn prices could drop to just \$1.75, bankrupting hundreds.

That's the irony of the crisis on the farm. We're so good at what we do, it seems we can't seem to make a decent living doing it.

While hundreds of thousands starve in Africa, America's farmers—the most productive in the world—can't get a decent price for their grain.

It doesn't make much sense until you realize the American farmer has been less a victim of his own expertise and more a casualty of excessive government market manipulation.

Yet, here we are today, once again moving toward more intervention. The 1985 farm bill contains an all too familiar refrain of price supports, acreage reductions and paid diversion programs—the same stuff which has failed in the past.

I believe it is time to abandon this philosophy and move, instead, toward a free market economy—one in which the dynamics of supply and demand govern the health of the American agriculture industry.

I'm pleased to report my constituents apparently feel the same way. In my most recent districtwide poll, 78 percent of those responding favored a return to the free market while only 22 percent wanted to retain our system of farm supports.

Since the days of the Great Depression, the Federal Government has tried to influence the farm economy by juggling prices and production.

It is painfully obvious now that these policies accomplish little except to further deepen the budget deficit. With this bill, we have the opportunity to change the framework of U.S. agriculture policy.

It is an opportunity I do not believe we should pass.

This legislation proposes displacing the market-determined price of commodities with a price determined by the Federal Government. The intent is to protect farmers from a sudden price collapse. But the result is often the opposite.

The prices the Government sets generally exceed the market price, providing farmers with an incentive to flood the market with surplus goods. The law of supply and demand—a law not even the Congress can repeal—kicks in and the very economic crisis we are trying to avoid, occurs.

Commodity price supports, set at higher than market levels, result in inefficient resource allocation, unwanted surpluses and depressed prices.

Production controls, as proposed by this bill, will directly and immediately hurt large segments of American Agriculture.

In my own district, I am most concerned about suppliers of fertilizer, pesticides and equipment—all of whom would see their

business hurt as demand for their services fell.

Production controls, for the most part, have not succeeded anyway because they encourage farmers to retire their least productive land and farm the remainder intensively. Worse, our overseas grain competitors historically have taken advantage of U.S. acreage reductions by increasing their own production.

Once again, the American farmer is the loser.

Mr. Chairman, I am fully aware that we will not be able to alter our farm policy painlessly.

It will take time for the forces of the free market to stabilize supply and demand and restore profitability to the agriculture industry. For many, the adjustment will not be easy.

I believe Congress has an obligation to cushion this adjustment by using the tax dollars freed through elimination of support programs and applying them for programs which afford temporary relief.

American agriculture is at the crossroads. The crisis on the farm is real.

The immediate problems which are forcing hundreds into bankruptcy and ripping the fabric of rural America must be addressed. But, in doing so, let us neither ignore the long-term problem nor shy away from the long-term solution.

It is time to change our thinking. It is time to recognize that the revitalization of American agriculture lies in the free marketplace—not in mandatory controls imposed by the Congress.

Mr. LEWIS of Florida. Mr. Chairman, let me begin by commending Mr. DE LA GARZA, the chairman of the Agriculture Committee, and Mr. MADIGAN, the ranking Republican who have worked many long and oftentimes difficult hours to bring H.R. 2100 to the House floor. That has been a thankless task and their efforts should be duly noted as nothing short of heroic.

Mr. Chairman, I'm sure we can all agree on the fact that this is not a perfect farm bill. Members of the Agriculture Committee, other Members of this body, the administration, farmers, industry officials, economists—all have different views on how we can improve the American farmer's plight. As a matter of fact, I will work to have some of the provisions in H.R. 2100 changed during the floor debate.

Now, I don't doubt that all our views have merit. In fact, I would be the first to say, "Let's incorporate everyone's ideas," if I thought that would work. The plain and simple truth of the matter is, through little fault of its own, the American farm community is in serious trouble. These troubles can be attributed to many things; ineffective Government programs, high interest rates, a runaway Federal deficit, a dangerously high trade deficit—and the list goes on and on.

No single piece of legislation can solve all these evils. However, H.R. 2100 is a vehicle, a good vehicle by which we can develop an American farm program.

The farmers of this Nation are waiting for us, their elected officials to provide

them with a window clear enough to give our farmers a vision of what the future holds for them.

We have a challenge ahead of us. I hope the Members of this body will meet it head on.

We owe that to those who make up the roots and the fiber of our Nation, the American farmer.

Mr. GLICKMAN. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time has expired on the agriculture portion of the general debate.

The Chair will note that the members of the Committee on Merchant Marine and Fisheries designated to control the time for the general debate are not present on the floor and have advised the Chair that they do not wish to reserve such time; therefore, the Chair will consider such time for general debate to have been yielded back.

Mr. GLICKMAN. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. STALLINGS] having assumed the chair, Mr. BONIOR of Michigan, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes, had come to no resolution thereon.

□ 1525

#### GENERAL LEAVE

Mr. GLICKMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 2100.

The SPEAKER pro tempore (Mr. ROBINSON). Is there objection to the request of the gentleman from Kansas?

There was no objection.

#### 1984 ANNUAL REPORT OF THE FEDERAL PREVAILING RATE ADVISORY COMMITTEE—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, without objection, referred to the Committee on Post Office and Civil Service.

(For message, see proceedings of the Senate of Friday, September 20, 1985.)

#### GENERAL LEAVE

Mr. BRUCE. Mr. Speaker, I ask unanimous consent that all Members be permitted to extend their remarks and to include therein extraneous material on the subject of the special order speech today by the gentleman from Alabama [Mr. FLIPPO].

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

#### TAX REFORM

(Mr. BARTON of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BARTON of Texas. Mr. Speaker, as you know, the House Ways and Means Committee is poised to begin consideration of comprehensive tax reform legislation and markup should commence before the end of the month. It is likely that there will be some substantial changes to the President's tax reform proposal, which I endorsed with reservations when I testified before the committee on June 18, 1985.

The extensive hearings held by the Ways and Means Committee over the summer have served a useful role in identifying specific areas of concern. It has become apparent that some changes will have to be made and the Reagan administration has indicated that it is agreeable to some changes. It also appears that most of the changes will result in the loss of revenue. This is particularly true in important areas such as State and local tax deductions, recapture, and the investment tax credit. Compromises in these areas could lead to revenue losses of tens of billions of dollars.

Chairman ROSTENKOWSKI has steadfastly maintained that any tax reform bill must be revenue neutral. The budget deficit is already monstrous, and tax reform must not aggravate the budget problems. If the Ways and Means Committee makes changes to the President's proposal that lead to massive revenue losses, they will have to find additional revenues to offset the losses.

Recent reports suggest that some members of the committee are considering imposing additional taxes on the U.S. petroleum industry in order to offset anticipated revenue losses. I find these reports disturbing. The Ways and Means Committee has never been particularly sensitive to the needs of the U.S. petroleum industry, at least since the early seventies. The windfall profits tax demonstrated a

complete lack of understanding of how the energy industry works. The Congress decontrolled oil and natural gas in order to encourage the industry to search for additional energy reserves. Yet the Ways and Means Committee imposed the windfall profits tax, removing the incentive to explore and develop new reserves. One hand took away what the other hand granted.

I would like to remind our colleagues on the Ways and Means Committee of the heavy tax burden already borne by the U.S. petroleum industry. Three fine gentlemen from my alma mater, Texas A&M University, recently wrote an excellent analysis of the heavy tax burden of the petroleum industry. Their analysis clearly demonstrates that the U.S. petroleum industry already pays more than its fair share of taxes. Their article, titled "The Relative Tax Burden of the Petroleum Industry," appeared in *Tax Notes* on August 5, 1985.

The text of the article follows:

**THE RELATIVE TAX BURDEN OF THE PETROLEUM INDUSTRY**

(By Edward P. Swanson, D. Larry Crumbley, and Gary G. Berg)

The Treasury's recent tax proposals have focused public attention on tax reform. The basic concept underlying the Treasury's proposals are to lower rates and increase the perceived fairness of the tax system by eliminating narrowly focused benefits. Evidence about the present level and distribution of the tax burden is essential in assessing the fairness of the existing system. This article analyzes a key Congressional source of such information.

More specifically, the staff of the Joint Committee on Taxation (JCT) annually prepares a study for Congress of corporate tax burdens. This article summarizes the major findings of the most recent Congressional study and discusses some limitations in its analyses. While the effective tax rates of numerous industries are reported in that study, this article focuses on representation of the level of taxation of the petroleum industry. The elimination of tax provisions that benefit this industry has been called the litmus test of the Administration's seriousness about tax reform. Yet in Treasury II, the rapid writeoff of intangible drilling costs continues to be allowed. A key question therefore arises: Do these tax provisions allow the petroleum industry to avoid paying a fair share of federal taxes?

This article presents additional data that, in conjunction with data in the JCT study, provide an accurate description of the relative degree of taxation of the petroleum industry. By itself, the JCT study provides an incomplete summary of taxes paid to the federal governments by the petroleum industry. The key problem with the JCT study is its failure to consider the impact of the Windfall Profit Tax.

**I. CONGRESSIONAL CORPORATE TAX RATE STUDY**

**A. Major findings**

The Congressional study reports both worldwide effective tax rates on worldwide income and U.S. effective tax rates on U.S. income. Examination of Table 1 reveals that two industries have 1983 worldwide effective tax rates of over 40 percent: chemicals and petroleum. Four industries have worldwide rates of less than 10 percent: paper and

wood products, telecommunications, railroads, and utilities. Examining 1983 U.S. effective tax rates (per Table 2), five industries have rates above 30 percent: instrument companies, soaps and cosmetics, tobacco, trucking, and wholesalers. Eleven industries report 1983 U.S. effective tax rates below 10 percent.

Worldwide effective tax rates are substantially higher than U.S. rates. The 1983 average worldwide rate is 29.2 percent, while the corresponding U.S. rate is 16.7 percent. Moreover, the worldwide effective tax rates are greater than or equal to U.S. rates in virtually every industry. In addition, industry rankings sometimes change substantially. In particular, the chemical and petroleum industries, which have the highest 1983 worldwide effective tax rates, rank 27th and ninth (respectively) out of 30 industries for which 1983 U.S. effective tax rates were calculated in the study.

**B. Data and their limitations**

Effective tax rates in the Congressional study were computed from data available in financial statements. (Tax return data were not used primarily because such data is not available for about two years and tax returns of individual companies are confidential.) The study includes 218 companies selected from the Fortune 500 Industrials and the Fortune 500. Industries generally correspond to the Standard Industrial Classification Code. Industry tax rates were calculated by including each company in the industry or service group in which the company has the greatest volume of sales. Firms with operations in more than one industry, therefore, cause some distortion in the industry rates.

Industry effective tax rates were calculated by dividing the current portion of income tax expenses for all firms in the industry by their net income before tax. The latter was adjusted to include the income or losses attributable to minority interests and to eliminate income or losses of affiliated enterprises on the equity method. Income is before extraordinary items and discontinued operations. State and local income taxes are not included in income tax expense. Firms with losses or tax refunds were generally included in the industry averages.

**II. RELATIVE TAXATION OF THE PETROLEUM INDUSTRY**

The figures reported in the Congressional study show that the petroleum industry is heavily taxed on a worldwide basis. However, controversy surrounds the interpretation of these figures. In some foreign countries, the government owns the producing properties, and the IRS has argued that a portion of the income tax payments are actually royalty payments.

Those who are skeptical about the reported worldwide rates for the petroleum industry would place greater weight on effective U.S. tax rates. Moreover, members of Congress are primarily concerned with U.S. rates. On this basis, the JCT study reports an average rate for the petroleum industry of 21.3 percent in 1983. This is above the average U.S. effective tax rate of 16.7 percent for all industries and ranks the industry ninth highest of the 30 industries covered in the study. To summarize, based on the data in the Congressional study, the petroleum industry pays a high rate of worldwide taxes and an above average rate of U.S. taxes.

The JCT study, however, has significantly understated the petroleum industry's U.S. and worldwide tax burdens. The cause of the understatement is the enactment of the

Windfall Profit Tax (WPT). This tax became effective in 1980 as part of the decontrol of oil prices and has resulted in a sizable increase in taxes paid to the federal government. The WPT is a federal excise tax on the difference between the removal price and a specified base price of a taxable barrel of crude oil. The removal price is the actual or constructive sales price of a barrel of crude at the wellhead. The base price is generally the pre-decontrol price at which the oil would have been sold. The difference between the removal price and the base price is the so-called "windfall profit." Ironically, the enactment of the WPT has reduced the effective U.S. income tax rates for the petroleum industry. This occurs because the WPT is a deduction in calculating federal taxable income.

In deciding on the need for changes in the taxation of the petroleum industry, government policymakers should be aware of the effect of the WPT on the tax rates reported in the JCT study. To determine this effect, we collect data from financial reports on the amount of WPT paid by firms included in the JCT study. We then recalculated the industry's effective U.S. and worldwide tax rates, including both income taxes and the WPT in the numerator (the denominator becomes income before both the WPT and income taxes). This approach provides a more complete measure of the petroleum industry's federal tax burden. Under this approach, the industry's 1983 U.S. effective tax rate increases from 21.3 at present to 40.6 percent. This rate is the highest of any industry in the Congressional study (see Table 2). The worldwide effective tax rate increases from 42.0 percent to 49.6 percent. This is the second highest rate for any industry in the Congressional study (see Table 1).

While the petroleum industry clearly pays a high rate of federal taxes when the WPT is considered, the WPT is scheduled to expire in 1991 under either current law or Treasury II. We therefore estimated the effective tax rates for the industry assuming expiration of the WPT but retention of income tax laws that benefit industry. In this case, income taxes that would be paid can be approximated by adding to current income taxes an amount calculated as the marginal tax rate (46 percent) times the WPT. This total is the numerator in calculating the effective tax rate, while the denominator is income before both the WPT and income taxes. Ironically, because eliminating the WPT would do away with a sizable income tax deduction, the industry's 1983 effective income tax rate would increase from the 21.3 percent reported in the JCT study to 27.3 percent. (The fact that the effective income tax rate reported in the Congressional study would increase by 28 percent, by eliminating a sizable federal tax paid by the industry, further illustrates the misleading nature of the industry rate reported in the Congressional study.) The industry would, therefore, pay a rate of income taxes that is 11.2 percent above the average for all industries even if favorable benefits, such as immediate writeoff of intangible drilling costs, remain intact.

**III. CONCLUSION**

Our analyses, in conjunction with the data reported in the Congressional study, show the relative tax burden of the petroleum industry. A major conclusion is that the petroleum industry pays a relatively high rate of federal taxes. Moreover, the industry's tax burden will remain relatively high

even if special tax benefits, including immediate writeoff of intangible drilling costs, are retained.

It is the responsibility of government policymakers to decide what level of taxation of the petroleum industry is appropriate. It is important, however, that those policymakers have more complete data about the relative tax burden of the petroleum industry than reported in the JCT study. In fact, the data provided to Congress in the JCT study are potentially misleading.

TABLE 1.—EFFECTIVE WORLDWIDE INCOME TAX RATES BY INDUSTRY  
[In percent]

	1982	1983	1983 rank
Petroleum industry:			
Per JCT study (federal income tax only).....	38.2	42.0	2
Income tax plus Windfall Profit Tax (WPT)....	50.4	49.6	2
Other industries (data per JCT study):			
Aerospace.....	7.1	18.1	19
Beverages.....	28.8	27.3	14
Broadcasting.....	13.7	21.7	17
Chemicals.....	47.3	52.9	1
Computers and office equipment.....	37.1	38.1	4
Construction.....	22.6	29.3	11
Electronics and appliances.....	21.4	16.4	20
Financial institutions.....	24.3	24.3	16
Food processors.....	36.5	29.3	11
Glass and concrete.....	17.9	24.4	15
Instrument companies.....	26.9	36.7	5
Insurance.....	(2.5)	12.9	22
Investment companies.....	23.3	13.8	21
Metal manufacturing.....			
Metal products.....	42.8	29.3	11
Mining.....			
Motor vehicles.....		10.4	23
Paper and wood products.....	42.5	7.2	24
Petroleum.....	38.2	42.0	2
Pharmaceuticals.....	38.3	32.1	10
Retailing.....	21.6	21.3	18
Rubber.....	59.6	35.0	7
Soaps and cosmetics.....	38.0	38.9	3
Telecommunications.....	2.3	5.6	26
Tobacco.....	32.7	32.9	9
Transportation:			
Airlines.....			
Railroads.....	4.1	3.3	27
Trucking.....	37.2	34.6	8
Utilities.....	15.6	7.1	25
Wholesalers.....	34.1	35.9	6
Average for all industries.....	29.6	29.2	

TABLE 2.—EFFECTIVE U.S. INCOME TAX RATES BY INDUSTRY  
[In percent]

	1982	1983	1983 rank
Petroleum industry:			
Per JCT study (federal income tax only).....	18.2	21.3	9
Income tax plus Windfall Profit Tax (WPT)....	43.7	40.6	1
Other industries (data per JCT study):			
Aerospace.....	(0.6)	14.0	16
Beverages.....	20.5	18.7	12
Broadcasting.....	8.9	18.5	13
Chemicals.....	(17.7)	(1.0)	27
Computers and office equipment.....	26.4	26.3	7
Construction.....	15.9	7	25
Electronics and appliances.....	14.3	7.4	19
Financial institutions.....	(3.8)	6.4	21
Food processors.....	31.6	25.9	8
Glass and concrete.....		17.5	14
Instrument companies.....	21.9	32.8	5
Insurance.....	(6.3)	9.9	17
Investment companies.....	21.3	9.3	18
Metal manufacturing.....			
Metal products.....	30.2	15.1	15
Mining.....			
Motor vehicles.....		3.5	23
Paper and wood products.....	36.1	(.5)	26
Petroleum.....	18.2	21.3	9
Pharmaceuticals.....	32.7	27.2	6
Retailing.....	20.4	20.0	10
Rubber.....	39.0	19.6	11
Soaps and cosmetics.....	33.3	35.6	1
Telecommunications.....	1.6	4.8	22
Tobacco.....	36.3	33.8	4
Transportation:			
Airlines.....			
Railroads.....	4.1	3.3	24
Trucking.....	36.9	34.5	3
Utilities.....	15.6	7.1	20

TABLE 2.—EFFECTIVE U.S. INCOME TAX RATES BY INDUSTRY—Continued  
[In percent]

	1982	1983	1983 rank
Wholesalers.....	36.1	34.8	2
Average for all industries.....	16.1	16.7	

### TRIBUTE TO THE HONORABLE WILLIAM NATCHER

(Mr. HOYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HOYER. Mr. Speaker, I would like to acknowledge the honor bestowed on our colleague, Mr. WILLIAM NATCHER, by the National Multiple Sclerosis Society.

The National MS Society honors a Member of this House annually with its Congressman of the Year Award. The award was presented to Mr. NATCHER for his longstanding record of support for biomedical research and other issues that directly effect the concerns and quality of life of people with multiple sclerosis.

Multiple sclerosis is a disease of the central nervous system—the brain, spinal cord, and optic nerves. It most frequently strikes men and women between the ages of 20 and 40. It generally follows an exacerbating and remitting course, and is often progressively disabling.

Multiple sclerosis is characterized by inflammation and disintegration of the myelin sheath, an insulating covering that wraps itself around fibers in the central nervous system. Later, scars form in the damaged places and nerve impulses traveling to and from the brain may be distorted, misdirected, or lost entirely as they go by these damaged areas.

No two cases of multiple sclerosis are necessarily the same. Symptoms depend on the site and extent of damage to the myelin; they range from incoordination; loss of balance; pins-and-needles sensations and exhaustion to impairment of vision, hearing, or speech; bladder and bowel problems; partial or complete paralysis. The cause of multiple sclerosis is, as yet, unknown. Recently several treatments were announced which seem to alter the course of the disease and some symptoms can be alleviated by good medical management.

The National Multiple Sclerosis Society, through its network of chapters and branches located in every State in the United States, provides support programs and medical equipment loans to those with multiple sclerosis.

The society is the only voluntary health agency in the United States supporting programs in national and international research to find the

cause, a prevention and a cure for multiple sclerosis, and more effective treatments for those who already have the disease. Since its inception in 1946, the National Multiple Sclerosis Society has allocated more than \$65 million to research grants and training.

In recognition of the accomplishments of our colleague, the National Multiple Sclerosis Society has named for him a 3-year research grant of \$40,488 to John R. Richert, M.D., the school of medicine, Georgetown University. Dr. Richert's project is titled, "Studies of Cloned Measles-Specific T Lymphocytes from Patients with Multiple Sclerosis."

Mr. Speaker, I take this opportunity to bring this recognition to the attention of the House as, soon Mr. NATCHER, the chairman of the Subcommittee on Labor, Health, Human Services, and Education of the Committee on Appropriations will bring to the floor of this House "the People's bill." As the Members know, this bill funds the health programs, education programs, and related programs of such great consequence to America and its citizens.

Mr. Speaker, I congratulate on behalf of this House Congressman NATCHER on this significant award.

### THE ARMS CONTROL NEGOTIATIONS—ARE THEY HOPEFUL OR HOPELESS?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. RAY] is recognized for 5 minutes.

Mr. RAY. Mr. Speaker, I rise to focus attention on a very serious subject, which could very well affect the survival of this Nation and the entire world in the months and years to come—arms control and the limited production and reduction of nuclear, conventional, and chemical weapons, as well as the number of military troops.

Presently, the United States Government is deeply involved in a number of arms control talks with the Soviets in Geneva, Switzerland, and Vienna, Austria.

Many of the residents of my congressional district and the districts of our colleagues in the House of Representatives are so concerned about their own problems and the problems of the country that it is difficult for them to focus on, or become serious about, the subject of arms control talks and the possibility that the deadly weapons in the arsenals of both sides could literally destroy great portions of America and the world in just 3 hours.

That is the reason, Mr. Speaker, that I am making these remarks on the floor of the House of Representatives today—to do my part to keep this serious subject in the forefront of the minds of all who might hear me, or read the CONGRESSIONAL RECORD.

I, along with eight of our colleagues who serve on the Armed Services Committee, are members of an arms control panel.

We have held 5 days of hearings in the last 2 weeks, with testimony from 20 witnesses, in preparation for departure to travel to Geneva and Vienna, where we will have the opportunity to meet and talk personally with the negotiators on both sides. The recent panel hearings in open and closed sessions have been extremely enlightening. Such renowned persons as: Ambassador Max Kampelman, head of the U.S. delegation; Hon. Kenneth Adelman, Director of the U.S. Arms Control and Disarmament Agency; Hon. Richard N. Perle, Assistant Secretary for International Security Policy; Ambassador John G. Tower, U.S. negotiator on strategic nuclear arms; Ambassador Robert Blackwill, U.S. representative to the mutual force reductions negotiations; and Hon. Richard L. Wagner, assistant to the Secretary of Defense for atomic energy have testified before the panel.

On one occasion, in open session, Mr. Adelman, Director of the U.S. Arms Control and Disarmament Agency, said, "The Soviet Union is a closed society. We are not able to verify what they do or to trust them in their negotiations. Yet the Russian agent in the back of the room today seems to show up wherever I make public speeches or statements. He also has access to all of the minutes, activities, and meetings in which we are involved which are not classified or closed."

It is no secret that progress is slow and difficult, yet progress in arms control is extremely important to all of us, whether we are interested or not.

All of us would like to see a real, not symbolic, reduction in the number of weapons, especially strategic weapons. But previous treaties like SALT I, hailed as accomplishments of arms control, actually resulted in increased numbers of weapons. We cannot continue to be satisfied with agreements that are merely symbolic accomplishments of the arms control process and not real arms control. Arms control is not an end in itself but has to really reduce the risk of war and improve security on both sides.

Why have we failed up to now in achieving real arms control and how could we do better? How is it as Richard Pipes has observed that "Neither détente nor the arms limitation agreement accompanying it \* \* \* have produced a dent in the upward curve of Soviet defense expenditures"? It was questions of this kind that led Chairman SAM STRATTON in 1983 to establish the arms control and disarmament panel of the Armed Services Committee as a vehicle for Congress to monitor the status of negotiations and to make appropriate studies on matters related to arms control and verification.

Based on the testimony our panel has heard so far, I have made the following conclusions.

First, the U.S. negotiations teams are all new faces. Although experienced in national security affairs, they have never negotiated with the Russians. The Soviet negotia-

tors, on the other hand, have often been on the job for 10 years or more. It seems to me unwise to continually put new United States teams up against experienced Soviet negotiators.

Second, a comprehensive test ban treaty would be a grave risk. U.S. nuclear weapons need periodic testing for reliability, safety, and survivability—not just for new weapons. In fact, if the United States developed no new nuclear weapons at all, we would still need a considerable number of tests. The Soviets may not be so dependent on reliability testing. There is a great danger of imbalance and a Soviet advantage under a comprehensive test ban treaty. During several hearings in the last 2 weeks, it was the general consensus of witnesses before the policy panel that if we can do away with nuclear weapons by negotiating verifiable reductions, we should do so. But we should not do away with our own nuclear weapons by allowing them to become less and less reliable and safe.

Third, Ambassadors to the Geneva talks on nuclear and space weapons which have just reconvened in Geneva are "realistic but hopeful." Since the Soviets returned to the table in 1985, the United States has had specific proposals on the table but the Soviet aims seem to be to preserve substantial advantage in nuclear offensive forces for themselves and to stop the United States SDI research program. They have combined tough bargaining at the negotiating table with an extensive public propaganda campaign aimed at undermining support for U.S. programs.

Fourth, the mutual and balanced force reduction [MBFR] talks in Vienna which deal with conventional weapons and the number of troops on each side, have gone nowhere for 12 years. The U.S. side is modestly hopeful that a technical breakthrough may be possible in this session.

The panel has been able to confer only with the Ambassadors and chief negotiators so far. As I mentioned earlier, we will hold detailed oversight hearings with the delegations themselves in Geneva and Vienna this month. The purpose of these visits is to identify the sticking points in the negotiations and to understand current developments. Our aim is to better improve our knowledge and ability, so we can communicate the status of the talks to our colleagues and to our constituents.

We are impatient as a nation and frustrated by the slow movement of the talks. But we must remember that patience is the name of the game, and that the Soviets are masters of the art of patiently waiting for the "fruit to fall from the tree" while those who are impatient are shaking and climbing the tree, sometimes to no avail.

By meeting and entering into dialog, there is always the hopeful chance that some breakthrough will occur. The arms control panel sees its responsibility as one of learning, keeping current, informing our committee and constituents and encouraging support.

## PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. PEPPER] is recognized for 5 minutes.

Mr. PEPPER. Mr. Speaker, I was unavoidably absent for rollcall No. 314 on approval of the Journal, this morning. At the time of this rollcall, I was making arrangements for an Air Force plane to fly medical supplies from Miami to Mexico City to assist the needs of that city resulting from the earthquake that occurred on September 19, 1985. Had I been present for the rollcall, I would have voted "aye."

## LEGISLATION INTRODUCED TO CREATE THE INTERNATIONAL COPPER ACTION COMMISSION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arizona [Mr. UDALL] is recognized for 5 minutes.

Mr. UDALL. Mr. Speaker, I am introducing today legislation that will serve to establish an International Copper Action Commission. The world copper market today is in a threatening state of disarray. The world price of copper has fallen from an average of \$1.01 per pound in 1980 to less than 65 cents per pound in 1985. As a result, the very future of our domestic copper industry has been called into question.

Severely hit by the 1982 recession, our domestic copper industry has been largely bypassed by the recent economic recovery. Seventeen of the 28 major U.S. copper mines are shut down. Last year, domestic mine capacity shrunk by 630,000 metric tons—300,000 tons of it permanently. Smelter capacity fell by 372,000 metric tons; and refinery capacity by 563,000 metric tons.

Employment in the domestic copper industry has fallen from 44,000 in 1979 to 23,000 in the first half of this year. Corporate profits have disappeared. Since 1981, the industry has lost nearly \$1.2 billion. And those losses are likely to continue for some time to come.

If current trends continue, the Department of Commerce estimates that total production could fall another 15 percent by 1989, and primary production could decline by 28 percent. Imports, by the end of the decade, could account for more than 35 percent of our domestic consumption.

Two factors are contributing to the current disarray in world copper markets. First, excess world production. With the aid of low-interest loans from multilateral lending institutions like the World Bank, Third World countries like Chile and Zambia have been able to greatly expand their mining and smelting capacity. In turn, these same countries have been protected from the consequences of declining commodity prices by the compensatory financing facilities of the International Monetary Fund. In addition, most of the major foreign copper producers are government-owned companies that are far from sensi-

tive to swings in supply and demand. As a result, the copper markets in recent years have been plagued by chronic surpluses and an inventory overhang that has served to keep prices at depressed levels.

Second, the normally robust demand for copper has been hurt in recent years by competing product lines. Fiber optics are making inroads into the copper cable telecommunications market. The intensity of copper use in the auto industry has declined due to automotive downsizing and new copper substitutes. Automotive radiators, for instance, are now being built with aluminum.

Both these problems—excess world production and the changing nature of the demand for copper—need to be addressed on an international level. The bill that I am introducing today would do so by giving the President explicit authority to initiate negotiations for the establishment of an International Copper Action Commission composed of representatives of the international copper industry and other interested parties.

The committee would serve several purposes. It would serve as a forum for a discussion of international trade policy and the role of subsidized loans in generating excess world production. The Commission could develop better and more accurate forecasts of the demand for copper. Finally, the Commission could explore new markets for copper and support research into possible applications of copper.

Arrangements, such as these, already exist for a number of other commodity groups. Properly set up and administered, such groups operate in the best interests of producers and consumers alike. They can, through the dissemination of better information, bring about a better balance between supply and demand and, as a result, stabler prices.

By itself, this action will not solve all the problems of the copper industry. Far from it. But this action would contribute to a lasting and workable solution.

It's my hope and expectation that Congress will move swiftly in approving this legislation.

#### MUTUAL FUND TECHNICAL AMENDMENTS ACT OF 1985

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Alabama [Mr. FLIPPO] is recognized for 5 minutes.

Mr. FLIPPO. Mr. Speaker, I am pleased to have the opportunity today to join with my colleagues Mrs. KENNELLY and Mr. MCGRATH in introducing legislation to amend subchapter M of the Internal Revenue Code. This is the section of the code that governs the taxation of mutual funds, technically known as regulated investment companies or RIC's.

The Federal income tax provisions applicable to mutual funds were first enacted in 1936. The basic structure and principles of these provisions have remained changed. These tax provisions have worked reasonably well over the years. However, a chang-

ing marketplace and the emergence of new investment vehicles requires an update of the tax laws governing the mutual fund industry to allow the industry to better serve the mutual fund investor.

The legislation we are introducing today will enable the industry to fully respond to the changing financial marketplace, to continue to act in the best interest of the mutual fund shareholder, and to provide the mutual fund shareholder, typically a middle-income American, the same opportunities available to the direct investor, who is generally wealthier than the average American. I want to emphasize, Mr. Speaker, that this legislation is revenue neutral. In addition, I would like to point out that the Treasury Department has reviewed this measure and is generally supportive of this bill.

A mutual fund is a financial service organization which makes investments on behalf of individuals and institutions who share common investment objectives. The fund pools the money of investors, and professional money managers invest the pooled money in a diversified portfolio of stocks, bonds, or money-market instruments best suited to achieve the investment objective. The earnings from the investment are distributed to the shareholders as dividends of capital gains.

The median income level of households owning mutual fund shares is about \$29,000. It is these investors of modest means, working Americans, who benefit the most from mutual funds, because they are afforded the opportunity to have professional investment guidance, portfolio diversification, access to the investment community, and other benefits typically available to direct, and generally more wealthy, investors.

The mutual fund industry has grown substantially over the past 40 to 50 years. In 1940, there were 68 mutual funds with \$448 million in assets and 296,000 shareholder accounts. At the end of July 1985, there were more than 1,400 mutual funds with assets in excess of \$441 billion and more than 30 million shareholder accounts.

The tax treatment of mutual funds is based on the conduit theory. In other words, the fund serves as a pipeline through which its net income—dividends, interest, and capital gains—earned from the securities held in the portfolio flows to the fund shareholders. The distributed income is taxes at the shareholder level, not at the corporate level, unless the fund fails to meet certain specified requirements under the code. Failure to satisfy the stringent conduit requirements subjects a mutual fund to the full corporate tax imposed under subchapter C of the code.

The conduit treatment is premised on the notion that mutual funds can and should provide a mechanism by which investors of more modest means may obtain the same professional investment management, the same diversification of risk, and roughly the same tax treatment available to the direct investor who more typically can afford direct investment guidance.

The tax provisions applicable to mutual funds has worked reasonably well over the years. However, a number of developments over the last several years have made some of the existing rules, which were drafted in the investment environment of 1936, outmoded and unresponsive to modern financial climate.

For example, we have recently seen the introduction of such new investment products as exchange-traded stock options, options and futures contracts on stock indices, options and futures on debt instruments, and options and futures on foreign currencies. The creation of these new products has, at least in part, been a response to the volatility of interest rates, currency exchange rates, and the stock market. These products, which have become an integral part of all professional investment management, are particularly useful in hedging against the risks of fluctuations in interest rates, stock values, and currency exchange rates. Mutual funds, which are regulated by the Securities and Exchange Commission, should not be unduly restricted by outmoded provisions of the Internal Revenue Code. These provisions hinder the use of these products by mutual funds because they unduly hamper a mutual fund's ability to protect its shareholders' investments in a constantly changing environment.

Another development has been the increasing interrelationships among worldwide financial markets. Much of this is made possible by technology undreamed of in 1936 when the subchapter M provisions were passed. More and more U.S. investors are becoming sophisticated and knowledgeable about foreign markets, and many mutual fund shareholders look to foreign stocks and securities as well. The status of foreign currency gains realized by a mutual fund in connection with its foreign investments require clarification. This bill does that.

There are two key provisions in the bill that respond to these market developments. The first is the repeal of section 851(b)(3), which provides that a mutual fund is not eligible for conduit treatment if 30 percent or more of its gross income is derived from gain on the sale of stock or securities held for less than 3 months. This rule was enacted at a time when products such as index options and futures, financial futures and other new investment products did not exist and, indeed, were not contemplated. However, in today's environment, the rule thwarts a mutual fund's fiduciary responsibility to act in the shareholder's best interest.

First, the rule prohibits a mutual fund from taking advantage of these new investment products, even though they are used extensively by other investors. Second, it imposes an unwarranted restriction on the fund's ability to react and benefit from rapid changes in the market, that is, periods of volatile interest rates or when the value of securities increase abruptly, thereby precipitating an artificial investment decision that may not be in the best interest of the mutual fund shareholder.

Following are two actual examples of the adverse effects of this rule on mutual fund shareholders.

A mutual fund manager's option income fund bought stock of a publicly held company at \$48 per share in January and wrote a March 50 call. The stock could be called away, that is, bought for \$50 a share before the March expiration date of the call option. Three weeks later, the stock went to \$75 a share. A prudent investor would want to immediately close out the option and sell the stock to take advantage of the gain realized in the transaction and to avoid and further downside risk. Because of the 3-month rule—the one the bill repeals—the fund manager was unable to close out the position. When the stock went back to \$45 a share, the fund not only had a loss that it could have avoided, but also had foregone a substantial gain.

A second example occurred in 1981. A mutual fund took an extra long bond position because of the anticipated fall in interest rates. Interest rates did fall, but more rapidly and more substantially than the fund anticipated. In the face of a rapid rate reduction, the fund would have benefited by closing out these position within 2 months and by adopting a more defensive position. However, the fund was unable to close out the positions after only 2 months because it would have realized an impermissible gain under the 3-month rule. For these and similar reasons and because it is in the best interest of the shareholders, section 851(b)(3) should be repealed.

The second key provision of this bill expands the definition of qualifying income under section 851(b)(2), which provides that a mutual fund does not qualify for conduit treatment unless at least 90 percent of its gross income is derived from dividends, interest, payments with respect to securities loans, and gains from the sale or other disposition of stock or securities. The bill would amend section 851(b)(2) to make it clear that gains from the sale or other disposition of "securities", as that term is defined in the Investment Company Act of 1940, would constitute qualifying income. It further provides that gains from options and futures contracts related to a fund's portfolio investments constitute qualifying income.

The bill also adds foreign currency gains to the definition of qualifying income, so that mutual funds hedging against foreign currency risks associated with their foreign investments will not be at peril under this 90 percent test.

This letter change is needed because of the increasing internationalization of financial markets. Mutual funds investing in foreign stocks or securities frequently hedge the risk of currency fluctuations by entering into bank forward contracts for the future delivery of foreign currencies or by entering into future contracts or options on foreign currencies. It gains from foreign currency transactions are not treated as qualifying income, a RIC would, in effect, be penalized for endeavoring to reduce the risk of currency fluctuation associated with its foreign investments. The expansion of

qualifying income to include foreign currency gains will prevent this undesirable result.

In addition to these key provisions that are designed to bring subchapter M into the 20th century, the bill also contains three other provisions of a more technical nature, which are described in the section-by-section analysis below.

Following study and consultation with representatives of the mutual fund industry, I urge this body to give early attention to the bill introduced today and to adopt its provisions. Again, I wish to emphasize that this bill is revenue neutral.

The bill and section-by-section analysis follow:

#### H.R. 3397

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. AMENDMENT OF 1954 CODE.

Whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

#### SEC. 2. AMENDMENTS TO THE REGULATED INVESTMENT COMPANY QUALIFICATION RULES.

(a) **REPEAL OF THREE-MONTH HOLDING PERIOD REQUIREMENT.**—Subsection (b) of Section 851 is amended by striking out paragraph (3) and by redesignating paragraph (4) as paragraph (3).

(b) **EXPANDED DEFINITION OF PERMITTED INCOME.**—Paragraph (2) of subsection 851(b) is amended by striking out the semicolon at the end of the paragraph and inserting in lieu thereof: "(as defined in section 2(a)(36) of the Investment Company Act of 1940, as amended) or foreign currencies, or other income (including but not limited to gains from options or futures contracts) derived with respect to its business of investing in such stock, securities, or currencies; and".

#### (c) CLERICAL AMENDMENTS.

(1) The final sentence of subsection (b) of section 851 is amended by striking out "paragraphs (2) and (3)" and inserting in lieu thereof "paragraph (2)".

(2) Subsections (c), (d) and (e) of section 851 are each amended by striking out "(b)(4)" each place it appears and inserting in lieu thereof "(b)(3)".

#### SEC. 3. TREATMENT OF SERIES FUNDS AS SEPARATE CORPORATIONS.

Section 851 is amended by adding at the end thereof the following new subsection:

#### (q) SPECIAL RULE FOR SERIES FUNDS.—

(1) In the case of a regulated investment company (within the meaning of subsection (a)) having more than one fund, each fund of such regulated investment company shall be treated as a separate corporation for purposes of this title (except with respect to the definitional requirement of subsection (a)).

(2) For purposes of paragraph (1) the term "fund" means a segregated portfolio of assets, the beneficial interest in which is owned by the holders of a class or series of stock of the regulated investment company that is preferred over all other classes or series in respect of such portfolio of assets."

#### SEC. 4. EXTENSION OF PERIOD FOR MAILING NOTICES TO SHAREHOLDERS.

The following provisions are each amended by striking out "45 days" each place it

appears and inserting in lieu thereof "60 Days":

- (a) Paragraph (3) of subsection 852(b).
- (b) Subparagraph (A) of paragraph 852(b)(5).
- (c) Subsection (c) of section 853.
- (d) Paragraph (2) of subsection 854(b).
- (e) Subsection (c) of section 855.

#### SEC. 5. PROTECTION OF MUTUAL FUNDS RECEIVING THIRD-PARTY SUMMONSES.

Paragraph (3) of subsection 7609(a) is amended by:

- (a) striking out "and" at the end of subparagraph (F);
- (b) striking out the period at the end of subparagraph (G) and inserting in lieu thereof, "; and"; and
- (c) adding the following new subparagraph:

"(H) any regulated investment company (as defined in section 851) and any agent of such regulated investment company when acting as an agent thereof."

#### SEC. 6. EFFECTIVE DATES.

(a) The amendments made by sections 2 and 4 of this Act shall apply to taxable years of regulated investment companies ending on or after September 30, 1985.

(b) The amendment made by section 3 of this Act shall apply to taxable years of regulated investment companies beginning after the date of enactment.

(c) The amendments made by section 5 of the Act shall apply to summonses served after the date of enactment.

#### MUTUAL FUNDS TECHNICAL AMENDMENT ACT OF 1985

#### SECTION-BY-SECTION ANALYSIS

*Section 1: Technical Drafting Explanation. The bill amends the Internal Revenue Code of 1954, as amended.*

*Section 2: Amendments of the Regulated Investment Company Qualification Rules*

(a) *Repeal of the three month holding period requirement.* Section 851(b)(3) of the Code currently provides that a regulated investment company (RIC) does not qualify for conduit treatment if 30% or more of its gross income is derived from the sale (or other disposition) of stock or securities held for less than 3 months. The bill would repeal this requirement.

(b) *Expanded definition of permitted income under code section 851(b)(2).* Under current law, a RIC does not qualify for conduit treatment unless at least 90% of its gross income is derived from dividends, interest, payments with respect to securities loans, and gains from the sale (or other disposition) of stock or securities.

The bill will make explicit that the term "securities" has the same meaning as it does in the Investment Company Act of 1940, as Treasury Regulations now provide. The bill will also make clear that gains from options and futures contracts related to a RIC's portfolio investments constitute qualifying income. The Internal Revenue Service has issued a number of private letter rulings holding that options and futures contracts on securities and stock indices give rise to qualifying income, and the bill would codify these rulings.

The bill adds foreign currency gains to the definition of qualifying income. Under current law, the treatment of gain on these and similar transactions is unclear.

The bill will also codify the approach of certain IRS rulings by expressly providing that other income derived with respect to a RIC's business of investing in stock or secu-

titles (or foreign currencies) will be treated as qualifying income. *See, e.g.,* Rev. Rul. 64-247, 1964-2 C.B. 179 (litigation recovery of excessive management fees, although greater than 10% of gross income, not disqualifying under section 851(b)(2)), PLR 8523015 (refund of State taxes similarly not disqualifying).

#### (c) Clerical Amendments

##### Section 3: Treatment of Series Funds as Separate Corporations

Under current law, most series funds organized as corporations are treated as single corporations for federal income tax purposes. Thus, in applying the Subchapter M tests that a RIC must meet to be eligible for conduit treatment, the income and assets of the different portfolios of a series fund are combined. However, if a series fund is organized as a Massachusetts business trust, it may be able to treat each of its separate portfolios as a separate corporation. The IRS has recently issued a number of private letter rulings to this effect.

The purposes underlying the Subchapter M requirements would be more properly fulfilled if each separate portfolio in a series fund were treated as a separate corporation regardless of the form of organization chosen by the RIC under state law. The bill provides for such treatment with the result that a portfolio in a series fund will be eligible for conduit treatment only if it satisfies the Subchapter M requirements, without regard to the assets and income of other portfolios of the series fund. The bill also provides that each separate portfolio in a series fund will be treated as a separate corporation for all federal income tax purposes.

##### Section 4: Extension of Period for Mailing Notices to Shareholders

Subchapter M currently requires RICs to send various notices to their shareholders within 45 days following the end of the RIC's taxable year. RICs have customarily mailed these notices with their annual reports. The SEC formerly required that annual reports be sent out within 45 days of the end of a RIC's taxable year, but has recently extended the time for mailing to 60 days. A corresponding extension to 60 days for mailing the notices required by Subchapter M would not affect the ability of RIC shareholders to prepare timely tax returns and would eliminate the unnecessary expense of two mailings. The bill makes this change. A similar change from 30 to 45 days was made in Subchapter M by section 229(a) of the Revenue Act of 1964 when the SEC extended the period for mailing annual reports to shareholders from 30 to 45 days.

##### Section 5: Protection of Mutual Funds Receiving Third-Party Summonses

Section 7609 of the Code provides certain protections in connection with summonses served on "third-party recordkeepers", a term defined as including various types of financial institutions such as banks, savings institutions and brokers. RICs are in essentially the same position as the institutions currently covered by section 7609 and the bill accordingly expands the definition of third-party recordkeepers to include RICs.

Mrs. KENNELLY. Mr. Speaker, in joining my colleagues from Alabama and New York, in introducing H.R. 3397, I, too, wish to urge the amendment of certain provisions of subchapter M of the Internal Revenue Code dealing with the tax treatment of regulated investment companies, more commonly known as mutual funds.

This legislation has become necessary largely because of the extensive changes in the financial markets in recent years. These changes include the development of new financial products, such as exchanged-traded options, financial futures contracts, and options and futures on stock indexes which have been developed to meet the needs of investors and money managers in the increasingly sophisticated and internationalized economic community in which we live. Certain provisions in subchapter M are simply outdated and unnecessarily restrict the ability of mutual funds to use these new financial products.

The changes proposed in H.R. 3397 will reduce the existing restrictions that hinder the use of these new financial products by a mutual fund. Therefore, these changes will permit mutual fund shareholders to take advantage of the same investment opportunities currently available to the generally wealthier direct investors.

By repealing the 3-month holding period requirement (section 851(b)(3)) and expanding the definition of permitted income under section 851(b)(2), this legislation would modernize the Tax Code so that mutual funds would be able to better serve the millions of middle-income investors, whose primary involvement in the securities markets of this country is through a mutual fund.

By repealing section 851(b)(3), a mutual fund would no longer be denied conduit tax treatment if it derived 30 percent or more of its gross income from the sale or other disposition of stock or securities held for less than 3 months. Instead, a mutual fund would be permitted to take prudent advantage of the opportunities presented by new financial products and to react immediately and responsibly to changes in what is often a volatile market.

By amending section 851(b)(2) of the current law, H.R. 3397 would make this provision of the Internal Revenue Code of 1954 consistent with the thrust of existing Treasury private letter rulings. The bill would make it clear that any income derived from the sale or other disposition of "securities", as defined under the Investment Company Act of 1940, would be included as qualifying income. The amendment would also enable a RIC to use gains from investment in foreign currency as qualifying income, as well as gains from most options and futures contracts.

The other three provisions of H.R. 3397 referred to by my colleagues, while technical, are important components of this legislation. These amendments provide consistency in the tax treatment of series mutual funds; conform certain SEC and tax code reporting requirements; and recognize that mutual funds should receive the same protection as banks, savings institutions, and brokers with respect to summonses served on "third-party recordkeepers."

I also wish to note that this bill is revenue neutral. It has no impact on the budget or deficit. It has a tremendous impact, however, on the ability of the mutual fund industry to provide greater investment services to millions of investors and to

their ability to contribute toward a healthy and growing economy. I strongly urge its passage.

Mr. McGRATH. Mr. Speaker, I am joining my colleagues from Alabama and Connecticut in introducing H.R. 3397, a bill to amend subchapter M of the Internal Revenue Code. H.R. 3397 will permit the millions of mutual fund shareholders to take advantage of the same investment opportunities currently available to direct investors.

The Tax Code sections addressed by this legislation are obsolete. They inhibit, indeed prevent, the mutual fund industry from using modern investment products and techniques available to the direct investor. Enactment of this bill will change current laws—originally enacted in 1936—to allow mutual funds to participate fully in the modern age of investment management.

My colleagues have described in detail the technical aspects of H.R. 3397, and have enumerated the greater variety of financial instruments and investment techniques which these corrections in the tax law will make available to the middle-income investor through a purchase of mutual fund shares. It is this segment of our population which is in the greatest need of new methods to accumulate savings.

The importance of mutual fund shareholders becomes more apparent every day. The growth of the mutual fund industry to the point where there are now over 1,400 funds with more than \$441 billion of assets tells only part of the story. There are more than 30 million shareholder accounts; the median income level of households owning mutual funds is \$29,000. These shareholders often find that the only reasonable access to the securities markets in this country is through mutual funds. These working Americans are afforded portfolio diversification and access to professional management when they purchase the shares of a mutual fund.

The mutual fund industry is ready to better serve millions of investors as a result of the proposed relief from certain outmoded restrictions of the Tax Code. In addition, the Treasury Department is supportive of this bill. I would emphasize that there is no revenue loss associated with these proposals.

I urge my fellow Members to assist these millions of middle-income Americans in realizing their financial goals by adopting this legislation.

#### PUBLIC SERVICE TO MOTIVATE COLLEGE STUDENTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. Panetta] is recognized for 5 minutes.

Mr. PANETTA. Mr. Speaker, I would like to take this opportunity to call my colleagues' attention to the recent release of the Carnegie Foundation for the Advancement of Teaching's report on higher education. The study found that college students

are becoming increasingly passive and uncreative in their academic and career paths. Saddled with overwhelming debts upon graduation, students no longer find it worth the risk to pursue public service employment opportunities, opting instead to enter safer careers where they are guaranteed to earn salaries which will allow them to repay student loans.

I find this trend extremely disturbing. Civic responsibility is one of the fundamental principles on which our democracy was founded. I agree with the Carnegie Foundation's recommendation that we find ways of encouraging the performance of community service among our young citizens. To that end, I introduced legislation, H.R. 888, which would establish a Voluntary National Youth Service Program. Under this bill, State and local youth service programs would be provided with matching grants to encourage the creation and expansion of such initiatives. Although each locality would be free to design its own program in accordance with its individual needs, post-service benefits such as educational financial assistance would be encouraged. The Carnegie Foundation's report proposes just such a link between student aid and public service.

Mr. Speaker, I insert the text of an article on the Carnegie Foundation's findings that appeared on the front page of the Washington Post on Tuesday, September 17, in the CONGRESSIONAL RECORD:

[From the Washington Post, Sept. 17, 1985]

**COLLEGE GRADUATES DEPICTED AS  
UNCREATIVE, TOO INDEBTED**

(By Keith B. Richburg)

America's colleges are churning out uncreative graduates who leave campuses overburdened with debt and with too little sense of civic responsibility, according to an unusually critical report from the widely respected Carnegie Foundation for the Advancement of Teaching.

"Students too frequently sit passively in class, take safe courses, are discouraged from risky or interdisciplinary research projects and are discouraged from challenging the ideas presented to them," according to the report, "Higher Education and the American Resurgence."

The report by Frank Newman, former president of the University of Rhode Island, called for a drastic overhaul in the nation's system of higher education and the way students pay for it, including a suggestion that the federal government curtail its massive loan program and make students perform community service work in exchange for financial aid.

The current system of saddling students with huge loan debts upon graduation discourages them from entering lower-paying community-service and public-sector jobs, Newman said.

"Excessive loans inadvertently undercut traditional values. Working one's way through college is a cherished American concept that conflicts head on with 'Go now, pay later,'" wrote Newman, who is president of the Education Commission of the States. "A student who leaves college with a large debt burden may well feel he has already assumed all of the risk that he possibly should."

The report's suggestions on college-student aid come in the midst of a national

debate on how to restructure federal college-assistance programs, as Congress prepares to reauthorize the omnibus Higher Education Act.

The sponsors of this report expect it to spark the same kind of impetus for reform in higher education that the widely touted "Nation at Risk" report produced at the elementary and secondary school level. That report attacked the low standards of American public education and said the nation was at risk from a rising tide of mediocrity.

Some of the report's suggestions will be discussed for possible implementation on campuses when a consortium of 100 university and college presidents meets in Cambridge, Mass., next month. That group is expected to draft a joint statement emphasizing that students must become involved in their communities as a key facet of their college life.

While insisting that American higher education is still the best in the world, the Carnegie report attacks the hierarchical structure of the American college, in which professors often lecture in large halls to students expected to take notes and repeat the professor's words on a final examination.

Such a system, according to the report, aptly prepared students for work in the old-style hierarchical corporate world. But the new world of business, in a highly competitive international economy, requires workers who can think creatively to solve problems outside of a formal management structure.

"Much attention has been focused on whether higher education is graduating a large enough pool of technically trained manpower to meet the needs of an advanced technological society," the report said in one of its summaries.

"A more urgent question is whether graduates, in all fields, have the ability to be innovative, the will to take the necessary risks, the capacity for civic responsibility and the sensitivity to the international nature of the world to be effective in today's society," it added.

On another topic, the report emphasized the need to improve minority participation in higher education by creating a National Opportunity Fund to support grants for disadvantaged students. Recent studies and informal surveys have shown that minority—particularly black—enrollment on college campuses has declined since the 1970s.

**LEGISLATION INTRODUCED  
GRANTING RELIEF TO STATE  
AND LOCAL GOVERNMENTS  
FROM IMPACT OF U.S. SUPREME COURT'S DECISION IN  
GARCIA VERSUS SAN ANTONIO  
METROPOLITAN TRANSIT AUTHORITY**

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. BARTLETT] is recognized for 10 minutes.

Mr. BARTLETT. Mr. Speaker, today, I am introducing H.R. 3391, a bill which would grant relief to State and local governments from the impact of the U.S. Supreme Court's decision in Garcia versus San Antonio Metropolitan Transit Authority et al., while at the same time ensuring the rights of State and municipal employees.

On February 19, the U.S. Supreme Court issued a ruling which has the effect of prohibiting compensatory time in lieu of overtime wages for approximately half of the Nation's 14 million State and local public employees. The result is sudden increases in payroll costs, reduced flexibility in the assignment of personnel, and decreased ability to meet the needs of taxpayers who pay the salaries of those public employees.

Estimates on how much it will cost to comply with the court's decision vary, but the nationwide total ranges as high as \$2 billion to \$3 billion.

In the Third District of Texas, cost estimates range from \$100,000 for the city of Carrollton to \$1.6 million for the city of Dallas. In other parts of the State, a survey done by the Texas Municipal League indicates that costs for 1 year of compliance range from \$20,000 in Marshall to \$8 million in Houston.

Cities outside of Texas are faced with equally burdensome, unanticipated costs. Throughout the country, city services that are most affected are those which operate 24 hours a day. Minneapolis' bomb squad and canine units, for example, are staffed by a few individuals who have the required specialized training. The Garcia decision effectively ends the practice of allowing these individuals to work extended hours when necessary and then to take compensatory time off during less busy times when their expertise is not needed.

Representatives of the U.S. Conference of Mayors have said that Minneapolis faces a bill of at least \$1.3 million to fully comply with Garcia; Baltimore must find an additional \$10 million per year; and Los Angeles estimates that compliance just for police officers and firefighters will cost about \$100 million.

Although figures such as the above are staggering to city budgets, there are other reasons that I am introducing legislation to mitigate the effects of the court decision: I am more concerned about the rights of public employees and the taxpayers who pay their salaries.

Historically, State and municipal public employees have wanted the option to taking compensatory time in lieu of overtime pay, and they want to be able to bank that time for use outside of the work period when the overtime was incurred. This provides increased flexibility in the lives of public employees.

More importantly, my bill will enable millions of public employees in cities and States across the country to keep their jobs. If their employers are forced to comply with the Garcia decision as issued on February 19, many of these employees will be forced to seek other work. State and local govern-

ments do not have in their budgets anywhere near the funds that will be needed to pay overtime wages, and as a cost-cutting measure, a number of cities will be forced to reduce their regular payrolls.

Such layoffs would be detrimental not just to the public employees who would lose their jobs, but to every resident of the affected communities. These residents would be faced with decreased services ranging from fewer police patrols to less frequent garbage and brush collection.

The legislation which I am introducing today is an equitable, carefully considered response to the Garcia decision. The bill grants budgetary relief and ensures employees' rights through the following provisions:

It allows compensatory time at the rate of 1.5 times the regular hours in lieu of overtime wages, at the employee's option. The employee would elect on a yearly basis between compensatory time and overtime pay to give State and municipal governments the information they need to develop accurate budgets. The provision would apply to all municipal and State employees covered by the Fair Labor Standards Act, but for those who are under collective bargaining agreements that already address this issue, those agreements would take precedence.

It extends the workweek for firefighters to 224 hours in 28 consecutive days, or the number of hours which has that same ratio in a work period which has at least seven but less than 28 days. Generally, firefighters' workweeks are 48 or 72 hours, depending upon whether a particular workweek has two or three shifts.

It makes clear that volunteer personnel are exempt from FLSA provisions.

It provides that police officers and other public safety employees who voluntarily choose special detail work with another employer for which they are paid, shall not be considered employees of the State, political subdivision, or agency during any time period when they are on special detail work.

It specifies that States and municipalities are immune from liability incurred before the date of enactment.

On October 15, the Department of Labor is scheduled to begin enforcing compliance with the Garcia decision. It is, therefore, urgent that this Congress consider and approve legislation that will prevent the following adverse results: strained municipal budgets, higher taxes, reduced State and local services, and decreased flexibility for public employees.

The bill which I am introducing today takes care of those problems in an equitable manner.

H.R. 3391

A bill to amend the Fair Labor Standards Act of 1938 to authorize the provision of compensatory time in lieu of overtime compensation for employees of States, political subdivisions of States, and interstate governmental agencies, to lengthen the workweek of firefighters, to clarify the application of the Act to volunteers, and for other purposes

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION 1. COMPENSATORY TIME.

Section 7 of the Fair Labor Standards Act of 1938 (29 U.S.C. 207) is amended by adding at the end the following:

"(o)(1) Any public agency which is a State, a political subdivision of a State, or an interstate governmental agency and which is required to pay overtime compensation by this section may in lieu of paying such compensation provide compensatory time in accordance with paragraph (2).

"(2)(A) Compensatory time authorized by paragraph (1) may be provided only if the compensatory time—

"(iii) is one and one-half hours for each hour of employment for which overtime compensation is required under this section; and

"(i) is not prohibited by an agreement made as a result of collective bargaining or similar negotiations between the public agency and representatives of the employees for whom the compensatory time is to be provided and is authorized in writing by the employee in accordance with subparagraph (B).

If an employee takes compensatory time in any workweek or other work period, such employee shall not be considered as having been employed in such workweek or other work period for the period of the compensatory time unless an agreement made as a result of collective bargaining or similar negotiations between the public agency and representatives of its employees provides otherwise.

"(B) Each employee of a public agency which is a State, political subdivision of a State, or an interstate governmental agency shall upon entering employment with the public agency be given the opportunity to elect to receive compensatory time in lieu of overtime compensation during the 12-month period following such election.

"(3) For purposes of this subsection, the term 'overtime compensation' means compensation at one and one-half times the regular rate at which an employee is employed."

#### SEC. 2. SPECIAL DETAIL WORK FOR FIRE PROTECTION AND LAW ENFORCEMENT EMPLOYEES.

Section 7 of the Fair Labor Standards Act of 1938 (29 U.S.C. 207) is amended by adding after subsection (o) (added by section 1) the following:

"(p) For purposes of this section, a person who is employed by a State, political subdivision of a State, or an interstate governmental agency in fire protection or law enforcement activities (including security personnel in correctional institutions) and who voluntarily agrees to be employed by another employer in fire protection, law enforcement, or related activities shall not be considered an employee of such State, political subdivision, or agency during any time period in which such person is employed by such other employer."

#### SEC. 3. FIRE PROTECTION EMPLOYEES.

Section 7(k) of the Fair Labor Standards Act of 1938 (29 U.S.C. 207(k)) is amended by inserting before the period at the end a comma and the following: "except that in the case of employees employed by a State, a political subdivision of a State, or an interstate governmental agency in fire protection activities, such rate is required only for tours of duty which in the aggregate exceed 224 hours in a work period of 28 consecutive days or a number of hours which bears the same ratio to the number of consecutive days in the work period as 224 bears to 28 days in any case in which a work period of

at least 7 but less than 28 days has been established."

#### SEC. 4. VOLUNTEERS.

Section 3(e) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(e)) is amended—

(1) by striking out "paragraphs (2) and (3)" in paragraph (1) and inserting in lieu thereof "paragraphs (2), (3), and (4)", and

(2) by adding at the end the following: "(4) The term 'employee' does not include any individual who volunteers to perform services for a public agency that is a State, a political subdivision of a State, or an interstate governmental agency and volunteers to perform such services without compensation or for expenses or a nominal fee."

#### SEC. 5. EFFECTIVE DATE.

No public agency which is a State, a political subdivision, or an interstate governmental agency shall be liable under section 16 of the Fair Labor Standards Act of 1938 for a violation of section 7 of such Act occurring before the date of the enactment of this Act with respect to any employee of the public agency.

### PROBLEMS WITH AMERICAN AGRICULTURE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri [Mr. COLEMAN] is recognized for 60 minutes.

Mr. COLEMAN of Missouri. Mr. Speaker, as I indicated during my remarks on the general debate on the farm bill, I took this time today to make a few additional comments without the restraints of the time, and to show and illustrate some of the real problems that American agriculture is experiencing at this time.

While the farm bill is very important to the tone of the farm policy for the next 5 years, it seems to me that the general atmosphere that we are conducting this discussion in today and next week in making these important decisions is really bounded by a phenomenon which is outside the framework of this farm bill. But it is always in the back of our minds and I think we have to address this farm bill and recognize the type of economy that we are having to live under in order to recognize the real reasons behind many of the points in the farm bill.

I had the following charts made up and prepared because I think they point out in dramatic terms exactly some of the problems that we are experiencing today. First of all, we start off with the budget deficit which zoomed up in 1981, and which, by this chart, shows that it is literally going off the chart here, increasing, we know, this year to well over \$200 billion.

Everybody says why is the deficit important to me; what does that mean to me? Well, in the farm community it means a great deal because farmers have to rely upon exporting their product overseas in order to get the benefit of additional sales and income.

The next chart shows, as I indicated earlier, the real exchange rates between the U.S. dollar and various other currencies. What this means is when the U.S. dollar goes up, as this graph indicates, it makes it less able for us to sell our products overseas. I think the vast majority of our product that we do try to market overseas is agriculture. It makes it much easier for us to import, on the other hand, those products that the other countries manufacture or produce and sell to this Nation. Therefore, that budget deficit, again, taking off on 1981, has created a strong dollar which also took off in 1981.

This indicates, I think in very good terms, what exactly this means to agriculture. We have seen in that same time frame the decrease of American farm exports overseas. The top line, the red line being corn, the next line being wheat, the next line being soybeans, and the only steady but very low line being cotton produced in this country and sold overseas.

Overall, if you put all of those together, the next chart shows very pointedly how the dramatic fall in agricultural exports has occurred through this period of time. It has gone down precipitously. Now, if you put this in the terms that individuals can understand, the strong dollar has made it much more difficult to market overseas. Here we show a chart, the average price of a bushel of American-produced soybeans, this last marketing year, averaged \$6.10. That is not exactly what farmers are getting today; they would like to see \$6.10. It has gone down much, much lower than that.

Last year that bushel of beans, perhaps produced in my district, would sell for \$6.10 in the United States. If marketed and bought overseas, the comparable dollars that they would have to come up with because of the strong dollar, in Holland it would be \$10.17; in Germany, they would have to come up with \$10.77. The next bar graph shows that in England, they would have come up with the equivalent of \$11.91 and then finally, on this particular chart, if you were in France and wanted to buy that 1 bushel of American beans, you would have to pay the equivalent of \$14.08. If it were shown here, and if you were in Mexico and wanted to buy that bushel of beans you would have to pay the equivalent of \$49. We did not sell a whole lot of soybeans to the Mexican government or people at \$49. We did not sell a whole lot to the people of France at \$14.08 because the U.S. dollar was so high. That is the equivalent currency they would have to come up with. But we are still talking about the same bushel of beans. That bushel of beans could have been raised in the United States or it might have been raised in Brazil. Brazilian beans sold

cheaper because they did not have to come up with the equivalent currency to purchase that.

As a result, this next graph shows American farm income. This is net income after expenses showing a rather zig and zag line. That zig-zag line goes up and down. The last time that it went up was a time when we came up with the PIK Program, the Payment-in-Kind Program that sent about \$10 billion out to the rural areas, but that did not sustain things at all. That was a very short-term Band-Aid. It has declined since then and has gone down further since that graph is showing. It has gone down even further than ever before.

Just who is being pinched by the economic phenomenon in rural America? This next pie chart shows exactly who is being hurt. This is important for us as we debate the farm bill, because it shows, and somebody said this earlier, but I think if you see this in black and white, it makes a big emphasis. Those people who are part-time farmers are really not under that much severe stress because they have their own job. They usually live close to a major metropolitan area; they might work at an automobile plant or they might teach school. They may have a job that certainly provides them their vast majority of income, off-farm. But they like farming and they like the rural life and they stay in it.

#### □ 1535

This chart shows the amount of people distributed within the farm sector who are having severe economic stress. We define that as having a debt-to-asset ratio of 40 percent and a negative cash flow, but they only make up 9 percent of the people who are under stress. Those are the part-time farmers.

The other small group is your large operators. These are people who sell their products, gross sales of over \$500,000. They are only 3 percent of farmers who are experiencing financial stress.

The rest of the people, and well over half of this pie chart, represent your average farmer, your mid-sized farmer, your traditional family farmer. Those are the people who are under the most stress. Those are the people who we see going out of business every day and every week in my district and in other places in the country.

Why this is important is because we have heard about targeting amendments to this bill, which means that we are going to target the assistance that we have in this bill, and why it is important to target that. I will remind my colleagues, as we come up with those amendments, exactly why we need them, because they go to the people who deserve them and need them most, who see their source of

income predominantly from the farm operation, and they are the ones experiencing the most stress.

The next chart, which probably cannot be seen very well by my colleagues in their offices, shows the decline in farm values that has occurred in the last 5 years, and especially the last year. In the Corn Belt, where Missouri is put on this map on the bottom, along with Illinois and Indiana and Ohio, we have experienced a 25-percent drop in 1 year in the value of our land. We have experienced a 38-percent drop in the last 5 years.

Everywhere in the country, with the exception perhaps of Texas, because of the mineral rights that are incorporated into the value of the land, we have seen dramatic falls, and that is the chief equity that the farmer has built up through the years, his family, and perhaps not just in his lifetime but generations before him have built up this operation, have built up this property, and now he is seeing it slip through his hands because it is all done on paper, it is all done with the strong dollar, it is all done with a depressed economy, and as a result, he is losing his farm, his home and in many cases his own self-esteem.

We have the Farmers Home Administration, which is the lender of last resort. That means if you cannot get a loan at your local commercial bank or anywhere else, you can go to the Government and apply for a loan. We have a number of farms that just are going under and being tendered back to the Government or being foreclosed on by the Government. Not anymore, but they were several years ago. And we have seen this rise rapidly in my own State of Missouri.

This chart shows the number of farms that have gone from private ownership to public ownership; owned by Uncle Sam now. We have only kept statistics for the last 2 years, but this chart shows dramatically that that has risen from 198 just 2 years ago to 420 or more today, and that represents well over 100,000 acres in the State of Missouri.

If that trend line continues off to the side of this chart, it is a bleak prospect, but possibly not an improbable prospect at that.

The reason I made these charts and show them in my district and I show them here to my colleagues is that I think we can talk about these things; we can say, "Oh, yes," but what does it mean unless you really visualize it, just as we cannot visualize a \$200 billion deficit. We could fill this whole Chamber up with dollar bills, probably, and still have plenty of dollars left over. So, that is the reason I took this special order.

Mr. Speaker, I would at this time yield to my colleague and friend from the Agriculture Committee, the gen-

tleman from Texas [Mr. COMBEST], a new member of the committee but a very important member, and, again, if he would like to say something on the topic of agriculture and this farm bill, I would be delighted to yield to him.

Mr. COMBEST. I thank the gentleman for yielding.

Mr. Speaker, I wanted to make a couple of points to follow up some of the things the gentleman was saying. I appreciate the fact that the gentleman would take this special order to give us an opportunity to continue to discuss some of the problems in agriculture as we are beginning to think about this farm bill.

One chart there impressed me a great deal when the gentleman was showing the chart relative to the average-sized farm, or what we normally speak of, I guess, in farm language as the family farm, as being the ones that are the most stressed, the most under concern by the debt problem.

I think it is important as we go through this farm program, as we go through the decisionmaking process on a farm bill, to recognize a couple of things.

No. 1: It has been, I think, the tradition of farming, and those who have been around farming and those who have grown up around it, and those Members who represent districts relative to agriculture, that we have traditionally in agriculture have had bad years. The old saying in farming goes, "Well, wait until next year. Maybe next year will be better."

I think it is very important that as we address this agriculture legislation now that we recognize that there may not be a next year for this group of farmers who are in that financially stressed area, that family farmer out there who has basically never known anything in his life other than agriculture. That is what that person has done for all of his life. They have not gone out and gotten another job. They are not hobby farmers. They are not part-time farmers. But we are really beyond the point now of just saying it is going to be another bad year and we will catch up again next year.

We have to, I think, understand the emotion involved in some of the decisionmaking process that these people are going through. They are seeing continued crops coming off and very, very low prices, and that is due to no fault of their own. They are not seeing the opportunity even to service the debt that they have, much less pay toward the principal, and they are looking at the chance of selling, not only just the chance but the probability, I think, in many instances, of losing a family farm operation that may have been in their family for years.

The reasons for this are not their own fault. They are not due to the bad judgments that so many times we hear

where people say, "Well, this farmer went out and he made a bad judgment. He bought land and he paid too much for it, or he bought a new tractor, or he is having to debt service high interest."

That farmer looked back years ago when interest was low, or back at the time that agriculture looked more prosperous or more potential. They had the opportunity to go to the people who give them advice, the people from whom they borrow, whether it be a bank or whether it be Farmers Home or some other lending institution, and it was easy to get the money. The credit was there, the money was available. The interest rates were low. It looked prosperous.

And those people who advised that farmer said, "Go out and do more and buy more and spend more," and they did. Now what we have is, when we saw double-digit interest rates and inflation rates, and all of a sudden the cost of production went drastically up, now it is very, very difficult for that same price to meet that debt.

I think it is important to note that we are looking at a change in agriculture where these people may be gone from the farm forever. What is going to happen to those land values? What is going to happen to that rural community? Eventually, what is going to happen to the overall economy of the Nation.

One other point that the gentleman made that I wanted to bring up, and I think he is correct in terms of overall land values in the United States, but the gentleman mentioned Texas specifically in regard to the fact that the land values have not dropped Texas due to the mineral rights.

Mr. COLEMAN of Missouri. That is on an average basis.

Mr. COMBEST. On an average basis, correct. And in many areas in Texas we are fortunate to have the mineral values and we do produce a lot of oil and gas, but even that economy itself is going through some tremendous restraints and problems at this time that we have to deal with as well.

In the farming community there are not the mineral-right values. They do not have them there. So if we look at just the farming community, we have seen massive land drops. We have seen those land values move down dramatically, and it has become effective and certainly it has hurt the asset value of that farm and of that farmer and of how he stacks up on the books as to whether or not his loan can be made.

The main point that I would like to try to make, and that I try to make to my urban constituents in my district which, all because of the dependency on one of the largest agricultural districts in this country, I think understands the basis of our economy there is agriculture, is that we are facing again a very, very serious threat in

rural America that will eventually move into other areas, because we are going to see, as we do see, banks begin to fail, or we see support businesses, the fertilizer people, the seed people, the cotton gins, the cotton warehouses, the grain dealers, or the grain warehouses, elevators, whatever it may be, as we begin to see the ripple effect of agriculture going, we are going to see these other people go, and that is going to affect the small business. It is going to affect the small-town operations. There have been countless numbers of stores in my district that are not agricultural stores, they may be clothing stores, they may be feed and seed stores, or tire stores, that have closed up, and these are businesses that have been in existence for years.

I think it is important to recognize that these businesses are not coming back. They will not be back there next year. If we do not do something in the short term to curb this problem and still look at the long-term problem of agriculture, I am afraid we may be setting ourselves up for a type of economic depression that this country simply cannot afford.

□ 1545

Mr. COLEMAN of Missouri. Mr. Speaker, I thank the gentleman for his eloquent contribution and agree with him totally.

We have seen, as the gentleman said, in the past farmers having a good year, and a bad year, or maybe have a good year coming back. In many cases, we have had bad year, after bad year, after bad year and no one can keep their doors open in any business in this country if you have had bad year after bad year, even if you are the Chase Manhattan Bank, or you are a large insurance company, or you are a small family farmer. I thank the gentleman.

I see my friend and colleague, the gentleman from Nebraska [Mr. BEREUTER] is here. I yield to the gentleman if he would want to make a statement at this time.

Mr. BEREUTER. Mr. Speaker, I thank my colleague and neighbor for yielding.

I want to commend the gentleman for taking this special order to try to set the context today for some of the debate that will be ensuing on the farm bill, or the food security bill in the next week, and who knows for how long that debate will continue.

I heard recently that the debate in 1981 was 6 days in length. I think it is appropriate that the issues in this farm bill be fully examined.

I would like to speak not only as a Member who has an agriculturally intensive district, the First District of the State of Nebraska, but also as a Member that serves on the House

Banking Committee, on the Trade Subcommittee of Foreign Affairs, and as a Member from a State that unfortunately is feeling deep economic difficulties as a result of our farm problems and the farm credit problems.

In the State of Nebraska in the last 2 years, we have had 16 agricultural banks fail. During this calendar year alone, the number is 12.

I think it is important to look at why some of this is happening, because it is important to explain to our urban colleagues why what we are proposing to do is so very important, why we urgently ask them to carefully examine the votes that are upcoming, but also to explain to them how a variety of factors have come together beyond any that one could reasonably expect to have impacted family farm operations and agribusiness operations throughout the United States, but especially in the western Grain Belt the gentleman and I have in part the responsibility to represent.

I mentioned earlier in the general debate on the food security bill that I saw some of the sectors coming together were the success of the Green Revolution and the fact that many countries that once imported agricultural products from us are not exporters, the fact that we have fiscal difficulties that are the responsibility of both the executive and the legislative branches, current and past; that we have incredible surpluses of grain today, to pick out that part of agriculture, in the world. The latest estimate I have seen, to indicate that the world is indeed awash in grain, indicates that we have a surplus grain supply of 192 million metric tons, probably more by now, and in almost every commodities issue we find that the United States will be producing U.S. record crops, and we are going to add to that in substantial fashion.

Now, those figures are hard to imagine for anyone, but I think perhaps if you took the example I recently heard cited that all the grain shortfall in Africa, drought-stricken Africa this year, was 4 or 5 million metric tons, and then imagine that we have 192 million metric tons in storage, you know what is going to happen to agricultural commodity prices in this country unless we take some actions that are important to keep that from happening.

Certainly the energy shocks and the creation of OPEC itself came together, but I guess tonight I would like, since the gentleman has taken this special order, to mention something that has been brought to my attention lately by some respected economists. They suggest that one other important element in the farm crisis that we have and the agriculture credit crisis and the problems of declining land values relates to monetary policy and they

say, "Go back and look at what happened in 1981 and 1982."

When the Reagan administration came to office, we not only had prime interest rates of 21½ percent, but we had an inflation rate of about 11½ percent, both unprecedented, the highest in modern history.

During the period of February through April 1981, we had something like a loose monetary policy, the normal kind of growth we had been experiencing in M1 and some people read that as a cooperative effort between the Federal Reserve and the administration to monetize deficits.

Well, along in April, the Federal Reserve slams down the growth in money supply. For the next 6 months, we had absolutely zero growth in M1. Then again in December 1981 and January 1982, we went back to the policy that had been pursued before and then again for 6 months slammed it down almost to zero growth.

Now, the administration formally asked early in 1982 that we have a reduction in the rate of monetary supply, in M1, of about 50 percent over a 6-year period of time. But what happened? In calendar year 1981, we achieved 75 percent of that reduction in monetary growth in 1 year, not 6 years, 75 percent, a sudden kind of change had a dramatic effect.

This past month, three agriculture economists from Iowa State University, at the annual meeting of the American Association of Agricultural Economists, presented a paper and I think had convincing evidence that what the greenbackers and what the various populist farm organizations in the 19th and 20th centuries said was in fact borne out by their results, and that is that at least a small amount of inflation, a moderate inflation, is beneficial to the farm sector; that while the inputs are inflated as well, that in general, the net profits to farmers are beneficial under other normal conditions, with a slight inflation rate.

Well, instead of having a reduction in the inflation rate, what Secretary Regan asked for, he projected 8.2-percent reduction by the end of calendar year 1981.

What did it come down to? It was 3.9 percent, an incredible drop in the rate of inflation. We have not seen anything but devastation in the farm sector in the value of land, particularly in the western Grain Belt, the high-capital kind of agriculture, since that time.

Now, I do not mean to suggest that there is a conspiracy. I just suggest that there is difference of view on monetary policy. It is increasingly hard to hit targets with so much of the financial industry deregulated.

I am suggesting, however, that this kind of dramatic deflation in land values is something that no one could expect.

So today, as bank examiners go in to our State and federally chartered banks, they say to the banker, "Where is the collateral behind these loans?" Because it has declined so dramatically, 50 percent roughly in Iowa and Nebraska alone. I suggest in the gentleman's district it is not far from that.

So it is quite natural that our farmer-owned farm credit system and our commercial banks are having deep trouble and it is quite natural that the most extreme problems falling on families in agriculture today are on those families, those one-third of the farm families, roughly, that have debts-to-asset ratios of 70 percent or more.

It is hard for a family with no debt basically to survive on those existing farm prices, but there is no hope for someone who is in the high-debt ratio, unless we make dramatic changes and do it in a fashion that does not devastate our agriculture export sector at the same time.

I do not know if the gentleman has any views that he would like to express on these subjects, but I very much appreciate adding these thoughts and these statistics to the attention of my colleagues as we prepare for debate on the farm bill.

Mr. COLEMAN of Missouri. Well, Mr. Speaker, I thank the gentleman for his usual expert opinion and analysis of the problem. We certainly know that in our area, our district's border, that we experience the same phenomenon that State lines have not stopped this from happening.

I think just for the sake of those who are not familiar, not only the things the gentleman said happened, but we had unprecedented bad weather during the same period of time.

Mr. BEREUTER. That is correct.

Mr. COLEMAN of Missouri. If we add these factors together, I recall several years ago when that drought came through that we had instead of 125 or 130 bushels of corn per acre up there where our districts adjoin, we had 4 and 5 bushels an acre. Well, you cannot have any business in the Nation that has a dropoff of 95 percent of their business and expect them to keep going, but this is what we have asked our family farmers to do, and believe it or not, a lot of them still produce and still are functioning. They are holding on by a thread, but they are still functioning. How they do it, I do not know.

Mr. BEREUTER. Mr. Speaker, will the gentleman yield further?

Mr. COLEMAN of Missouri. Certainly.

Mr. BEREUTER. The gentleman is quite right in reminding me of that extremely difficult period of time in southeast Nebraska and northwest Missouri, where our districts adjoin. I know we had 3 out of 5 years with drought conditions, so that was an ad-

ditional devastating effect that took place before all this.

I hope as we look at the farm bill that we think also of what happened during that necessary emergency PIC year in 1983 when we reduced the land in production by one-third. We knew it was going to affect the Main Streets in Maryville, or Tecumseh, and every other Main Street, particularly the people that sold diesel fuel, and fertilizer, and feed, but they understood that the farmer had to get well before they would have profitable years ahead of them.

We took out one-third of production I think in our areas. It was an emergency condition to deal with huge surpluses, but I think it is very important that as we fashion an alternative farm bill, as we fashion perhaps referenda to the farm bill, that we take great care that what we do is really justified by political reality and particularly the reality of the pocketbook.

We really have no way of knowing how deep our competitors, particularly the European Community, will reach in their pockets for export subsidies. With the value overblown still as much as 36 to 37 percent, the pressure has been relieved on their chancellors of the exchequer and their finance ministers. So how deep will they reach?

Will we in 2 years find ourselves taking out of production as much as 40 to 50 percent of our productive land? If we do, I think our whole way of life will be changed in the Great Plains and certainly the communities will dry up and blow away. I do not think that those kinds of reductions in acreage are acceptable to either the farmers or the American public; so I think great care must be taken in fashioning any kind of alternatives which appear to give great relief at a time when we need to have some very innovative ideas, but which could result in costs, production capacity costs, that cannot be borne by our agribusiness section all the way from Main Street in Maryville, or Tecumseh, NE, or the larger cities.

Mr. COLEMAN of Missouri. The gentleman is absolutely right. In all the towns that dot northwest Missouri and southeast Nebraska are small towns. They range in size usually 500 to several thousand and they cannot sustain these losses.

Where can these people go? They have no jobs. They are not trained. They feel they have very few skills.

This was addressed by an amendment that I offered in committee which was adopted and which I will speak to when we further debate the bill to be able to give these people an opportunity for a new start. We would like to keep them in the rural communities. They would like to stay there. They would like to keep their families and their ties there.

Perhaps there are specialty crops that can be developed. Perhaps there is training that can be undergone and an analysis of their own skills.

Find me a farmer who is not a good mechanic and I will show you a farmer who will not be a farmer for very long. He could use those mechanical skills in something other than farming and perhaps will farm and stay in the community, but not full time, not at the same operation that just does not make economic sense right now for him to do.

I would only remark also because I see my other colleague from Nebraska here, too, and I do not know if he wishes to engage in this special order, but we are not going to deal with the credit issue *per se* in this bill, but what we will have in the next several weeks are hearings and then a bill I assume that will come through before the end of this session and we will have to address the issues of all those people that we have talked about and their inability to pay back from their lenders, be it a commercial lender, or an insurance company, an individual, or the Farm Credit System. Those people have sustained these losses and the inability to pay them back. What are we going to do?

Now, the gentleman so dramatically pointed out, as did the gentleman from Texas, that all these decisions they made were absolutely the appropriate decisions to make. If you went to Harvard and got an MBA, I daresay you would make the same decision that many of these farmers independently did throughout the Nation during these years, and yet things turned. The same things turned in Mexico and other oil-producing nations when they started building economies based upon their own oil and borrowed on that assumption that oil was going to go up and that the price of oil was going to go up. Well, we know that did not happen for some reason and now we see the Third World staggering, and rescheduling itself, and all the problems that go with that.

We saw a major corporation, the Penn Square in Oklahoma, do the same thing, misjudged the economy.

The bank in Chicago, the Continental Illinois Bank, the same situation.

People do make mistakes, but it is not based upon total speculation or erroneous beliefs in something that is not logical. These farmers have based their decisions in the past upon what was absolutely a correct decision under the terms of what was happening and the rules of the game at that time and I daresay there are a lot of people holding condominiums in Florida that wish they had not bought them, either, at that particular time.

□ 1600

Mr. BEREUTER. Will the gentleman yield on that particular point?

Mr. COLEMAN of Missouri. I yield to the gentleman.

Mr. BEREUTER. I want to commend the gentleman and the gentleman from Texas who spoke a few minutes ago for concentrating on that point.

Never in my lifetime has the value of agricultural land gone down until the last 15 months; so there is no reason to expect that. Furthermore, every land grant institution was preaching this kind of leverage arrangement, and to the so-called students—reaching out to everybody living in those land grant institution States.

I think we have to remember that this Federal Government specifically said to the farmer: Plant fence row to fence row. So the advice coming from all directions and the experience that they had lived through showed nothing to the contrary.

I want to, again in closing my remarks, commend the gentleman for his foresight in taking out this special order and my appreciation for letting me share in the time.

Mr. COLEMAN of Missouri. I thank the gentleman for his participation.

Mr. DAUB. Will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the gentleman.

Mr. DAUB. Mr. Speaker, if the gentleman will be so kind, I would like a little time, but not to take much from the rest of this special order.

I have been listening to the special order in my office and am most intrigued by a number of the more substantive comments made, although a little fun from time to time I might say to my friend from Missouri is poked at the special order process. I sure hope Members are listening, because this is the kind of environment when more substantive dialog can occur, and it is not limited to the 1-minute or 5-minute rule in the heat of debate.

I am indeed pleased to have a chance to participate for just a moment and thank the gentleman for his leadership in the Committee on Agriculture. Indeed, the gentleman is a leader for agriculture, and I know that he has worked very hard to fashion a bill, many parts of which I can support; the conservative reserve, the wetlands, swamp-buster, sod-buster provisions are indeed two features which, in my opinion, are even more important than the budget savings and the idea of conservation.

In fact, they are indirectly aimed at supply management, because they not only help to take some marginal land out, but at the same time they prevent a whole bunch more from going into

production, which keeps this add-on of grain production at the margin from further depressing cash price at harvest.

So I want to commend the gentleman and his leadership and the committee's insight for finally biting the bullet without stepping on the right of someone to do what they want to do with their own land. I think the gentleman has made a fine distinction in the bill and I think it is something that should be supported by the whole of the House.

I would like to talk about my view, as someone who grew up in ag, in an ag State, and someone who spent his private sector career in agribusiness before coming to the House, and just list about six things very quickly that I think ought to be taken into account by a politician when looking at how to write laws that affect the lives of family farmers, whether they be cotton, rice, peanuts, tobacco, wheat, corn, beans, cattle, hog, or diversified in a variety of other things like nuts, and fruits and timber and related industries.

So I think it is a perspective that perhaps is sometimes overlooked. In the fifties and sixties we used our taxpayers money, through our land grant college system in ag country to send people like our Special Trade Ambassador Clayton Yeutter to South America to teach countries how to become food secure.

So in those days we taught them how to put millions and millions of virgin acres of land into production.

About 1971, my second point, we went off the gold standard. Now, it is not that I suggest we go back to the gold standard, but an interesting phenomenon occurred, and that is currencies de-linked from one another as we de-linked from the gold base, and those currencies began to be traded in a very jumbled kind of a relationship relative to what had up until 1971 been a very stable kind of an oscilloscope line of pounds, marks, francs, liras, and pesos.

As you move through that period of time, then it was not the value of meat or citrus behind the dollar or the value of the Toyota behind the yen; but in fact those currencies were traded for a quarter point of advantage in the international exchange market, and they discovered, those 30 countries that we taught how to raise food, that they could push that food out on a second track and subsidize the export of that food into the world market, not for profit but for the currency exchange, the hard currency exchange that they needed to buy other things.

So ag exports, particularly feed grains, became a vehicle for these countries to survive as the economy was changing.

As we got into the 1975 timeframe then, our growth in our export market, which had pulled these land values up, particularly in the Midwest, right behind them, began to drop off. We did not notice it, though. Things were still going good; we were putting in our center pivots and technology was improving what we were bringing in off our land, because we remembered that things were going well with land prices and inflation and export demand.

Then all of a sudden, 1979 came along. We had a feed grain embargo, but more than that, we should remember the soybean embargo as well to put it in perspective—more than that, we deregulated interest rates in banks.

So, another very devastating blow hit this labor and capital-intensive business called agriculture. Money was no longer available at longer terms and at stable rates. The money market and the NOW draft and the jumbo and the Eurodollar and the petrodollar attracted those \$100,000 deposits their way, not to farming. Because we were starting to notice land values sagging. They were getting spongy in 1979 and 1980; they were finally topping out.

By the time we got to 1980, we recognized another thing had happened. From 1965 to 1980, 15 years about, the domestic consumption of red meat per capita had fallen from about 106 pounds a person to about 72 or 74 pounds a person. That was a drop of about 25 percent in domestic red meat consumption; it is slimmerize, jazzercise, exercise—the Carol Formans of the world who used to preach, in a previous administration, that red meat was poison.

All of those things came together, and that meant that 25 percent of the grain we raised, that used to be throughput to raise the red meat as a market disappeared. So the double whammy: meat consumption drops, grain consumption domestically drops, the export market as a percent of growth has fallen away; the cost of money and all of these other things are erratic; and land devaluation begins and it begins in a very disorderly way.

So we get to the prospects I see for the meat belt-grain belt. The part of the region of the country that the gentleman represents, in this high oval, high plains area where we are grain-specific, meat-specific; and the four distinct seasons of weather, hot and cold, up where I come from we cannot go into timber or catfish or poultry, and we cannot grow into truck gardening and lettuce and carrots; our soil is not such that we can diversify in other ways; we are limited.

Thus, our land bank crisis in the four-State area. The portfolio is in land and machinery and in grain and

in meat. We have a peculiar problem in agriculture in that sense.

So I hope that as our colleagues take into account the work your committee has done, and the way it will affect us as well as other parts of the Food and Fiber and Nutrition Act, that we will think very carefully about mandatory controls, voluntary mandatory controls, certificates, quotas, not as they so much affect the strong dollar or the export market, but as they will effect an even more dramatic shift in terms of the feed grains, meat and cattle and hogs in this part of the country where our economy is, if you will, rather landlocked. Rigid targets and rigid loan rates and artificial diversion programs tend, if they are put into long-term legislation, to lock us away from market affectation.

While this farm bill is market-oriented, perhaps some amending on the floor, in my opinion, is necessary to improve it.

That perspective is one I bring on behalf of my constituents from Nebraska's Second District; that it would be indeed very dangerous, in my opinion, to lose sight of market-oriented policy.

Income maintenance, yes; but if we do not get to some market affectation of our price against this straight technology and productive capability of agriculture, in the end we will just dig the hole deeper for a whole lot more of those people out there that we in our political capacities are trying to help.

I thank the gentleman again for his leadership and for allowing me part of his special order.

Mr. COLEMAN of Missouri. I thank the gentleman, and I might say that I find his statement one of the most articulate and understandable and correct statements on this subject that I have ever heard, and I commend him for it, and I hope that in the future, people will read the *RECORD* of what the gentleman said this afternoon, because he sums it up so well that I will not attempt to sum up any more of what he has said.

Obviously the gentleman knows of what he speaks, of where he comes, and who he represents and what should be done.

□ 1610

Mr. Speaker, in the final analysis, we are talking about world trade. We read a lot about world trade as being the real hot political issue of this session and the next session, a real division issue, a real perhaps unfortunately and undoubtedly a partisan issue.

The real question is whether or not the United States is going to be able to continue its productive capacity in what it has always been the world leader in, and that is of agricultural food and fiber. Notwithstanding all

the barrages of all these factors that we have just talked about, we have continued our ability to do so and to lead the world.

There are some in government who feel that a strong U.S. dollar is a good thing because it give us, the United States, the ability to purchase more of the world's resources on the cheap. But I suggest that those people who hold that position and feeling should recognize that when you get out of the business of producing whatever it might be, a bushel of wheat, a widget, a car, a bar of steel, that when you find it easier to purchase that with a strong dollar overseas, you will have forever forgotten how and the capacity to produce that item. If we get to the point where we have the inability to produce the food and fiber for ourselves, then, Mr. Speaker, we will have had an unprecedented change in direction in this country and attitude and I am not sure where our destiny might lead us under those circumstances.

So I am glad and I compliment my colleagues for participating in this special order again to set the atmosphere for the discussion of the 1985 farm bill.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. SENSENBRENNER (at the request of Mr. MICHEL), for today, on account of official business.

Mr. ALEXANDER (at the request of Mr. WRIGHT), for today, on account of attending a funeral.

#### SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. COMBEST) to revise and extend their remarks and include extraneous material:)

Mr. BARTLETT, for 10 minutes, today.

Mr. COLEMAN of Missouri, for 60 minutes, today.

Mr. McEWEN, for 10 minutes, today. (The following Members (at the request of Mr. BRUCE) to revise and extend their remarks and include extraneous material:)

Mr. PANETTA, for 5 minutes, today.

Mr. PEPPER, for 5 minutes, today.

Mr. UDALL, for 5 minutes, today.

Mr. FLIPPO, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. CONYERS, for 15 minutes, today.

Mr. OBEY, for 60 minutes, on September 24.

Mr. OBEY, for 60 minutes, on September 26.

Mr. DORGAN of North Dakota, for 60 minutes, on October 1.

Mr. FOWLER, for 60 minutes, on October 1.

Mr. SLATTERY, for 30 minutes, on September 23.

#### EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mrs. BENTLEY, on H.R. 2100, in the Committee of the Whole today.

(The following Members (at the request of Mr. COMBEST) and to include extraneous matter:)

Mr. MCCAIN in two instances.

Mr. DAUB.

Mrs. JOHNSON.

Mr. GUNDERSON.

Mr. COURTER in two instances.

Mr. SUNDQUIST.

Mr. GREEN.

(The following Members (at the request of Mr. BRUCE) and to include extraneous matter:)

Mr. MRAZEK.

Mr. LOWRY of Washington.

Mr. ANDERSON.

Mr. ACKERMAN.

Mr. PEASE.

Mr. TORRES.

Mr. BARNES.

Mr. ROSTENKOWSKI.

Mr. BUSTAMANTE.

Mr. SCHEUER in two instances.

Mr. FLORIO.

Mr. BIAGGI.

Mr. OBEY.

Mr. MINETA.

Mr. ROWLAND of Georgia.

Mr. SCHUMER.

Mr. HUEBARD.

Mr. LANTOS.

#### ADJOURNMENT

Mr. COLEMAN of Missouri. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 12 minutes p.m.) under its previous order, the House adjourned until Monday, September 23, 1985, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2024. A letter from the Secretary of Defense, transmitting a report on an obligation or expenditure of funds in excess of amounts available in an appropriation or fund in advance of an appropriation by the Department of the Air Force, pursuant to 31 U.S.C. 1351; to the Committee on Appropriations.

2025. A letter from the Assistant Secretary of the Navy for Shipbuilding and Logistics, transmitting notice of intent to convert to contractor performance the facilities maintenance function at Camp H.M. Smith, HI, pursuant to 10 U.S.C. 2304 note; to the Committee on Armed Services.

2026. A letter from the Auditor, District of Columbia, transmitting a report entitled, "Cost Analysis of the District's Lease at 1111 E Street," pursuant to Public Law 93-198, section 455(d); to the Committee on the District of Columbia.

2027. A letter from the Director, Office of Legislative Affairs Agency for International Development, transmitting a justification for a change in the allocation of foreign assistance in Panama, pursuant to 22 U.S.C. 2413(b); to the Committee on Foreign Affairs.

2028. A letter from the Director, Office of Legislative Affairs Agency for International Development, transmitting a justification for a change in the allocation of foreign assistance in Ecuador, pursuant to 22 U.S.C. 2413(b); to the Committee on Foreign Affairs.

2029. A letter from the Under Secretary of State for Security Assistance, Science and Technology, transmitting a letter of notification for increases in funding for Jamaica and Ecuador, pursuant to 22 U.S.C. 2413(b); to the Committee on Foreign Affairs.

2030. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

2031. A letter from the Acting Assistant Secretary for Health, Department of Health and Human Services, transmitting notice of a new Federal records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2032. A letter from the General Counsel, Securities and Exchange Commission, transmitting notice of an altered Federal records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2033. A letter from the Chairman, Federal Trade Commission, transmitting the eighth annual report on the operation of premerger notification provisions of the Clayton Act, pursuant to the act of October 15, 1914, chapter 323, section 7A(j) (90 Stat. 1394); to the Committee on the Judiciary.

2034. A letter from the Chairman, U.S. Synthetic Fuels Corporation, transmitting the appendices to the comprehensive strategy report submitted on July 8, 1985 (Executive Communication 1639), pursuant to Public Law 96-294, section 126 (b)(2) or (d)(2); jointly, to the Committees on Banking, Finance and Urban Affairs and Energy and Commerce.

2035. A letter from the Comptroller General of the United States, transmitting a report entitled: "Overview of the Dairy Surplus Issue—Policy Options for Congressional Consideration"; jointly, to the Committees on Government Operations and Agriculture.

2036. A letter from the Comptroller General of the United States, transmitting a report entitled: "20 Years of Federal Mass Transit Assistance: How Has Mass Transit Changed?"; jointly, to the Committees on Government Operations and Public Works and Transportation.

#### PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARTLETT:

H.R. 3391. A bill to amend the Fair Labor Standards Act of 1938 to authorize the provision of compensatory time in lieu of overtime compensation for employees of States, political subdivisions of States, and interstate governmental agencies, to lengthen the workweek of firefighters, to clarify the application of the act to volunteers, and for other purposes; to the Committee on Education and Labor.

By Mr. BEREUTER (for himself, Mrs. SMITH of Nebraska, and Mr. EVANS of Iowa):

H.R. 3392. A bill making supplemental appropriations for the fiscal year ending September 30, 1985, for assistance for the victims of the September 1985 earthquake in Mexico, and for other purposes; jointly, to the Committees on Foreign Affairs and Appropriations.

By Mr. DASCHLE:

H.R. 3393. A bill to amend chapter 106 of title 10, United States Code, with respect to the eligibility requirements of the educational assistance program established under such chapter; to the Committee on Armed Services.

By Mr. DELAY:

H.R. 3394. A bill to amend the Fair Labor Standards Act of 1938 to exempt from its overtime requirements employees of State and local public agencies and to clarify the application of that act to volunteers and to authorize an employer to pay a youth employment opportunity wage to a person under 20 years of age from May through September until September 30, 1987; to the Committee on Education and Labor.

By Mr. DIOGUARDI:

H.R. 3395. A bill to provide for a 25-percent discount on the fee charged to senior citizens for the issuance of a passport; to the Committee on Foreign Affairs.

By Mr. DREIER of California:

H.R. 3396. A bill to provide for an exchange of certain lands with the County of Los Angeles, CA; to the Committee on Interior and Insular Affairs.

By Mr. FLIPPO (for himself, Mrs. KENNELLY, Mr. McGRATH, and Mr. HEFTL of Hawaii):

H.R. 3397. A bill to amend various provisions of the Internal Revenue Code of 1954 relating to the taxation of regulated investment companies; to the Committee on Ways and Means.

By Mr. FOLEY:

H.R. 3398. A bill to accelerate the removal of the Social Security trust funds from the Federal budget process, and to establish the Social Security Administration as an independent agency of the Government; to the Committee on Ways and Means.

By Mr. HAMMERSCHMIDT:

H.R. 3399. A bill to amend the Older Americans Act of 1965 to increase the amounts authorized to be appropriated for fiscal years 1985, 1986, and 1987 for commodity distribution, and for other purposes; to the Committee on Education and Labor.

By Mr. HUNTER (for himself, Mr. BATES, Mr. PACKARD, and Mr. LOWERY of California):

H.R. 3400. A bill relating to country-of-origin marking requirements for canned tuna; to the Committee on Ways and Means.

By Mr. KEMP:

H.R. 3401. A bill to provide for assistance to the noncommunist resistance forces in Mozambique and to prohibit economic and military assistance to the People's Republic of Mozambique; to the Committee on Foreign Affairs.

By Mr. LOWRY of Washington (for himself, Mr. STUDDS, and Ms. MIKULSKI):

H.R. 3402. A bill entitled the "Distribution of Revenues from the Extraction of Marine Resources Act of 1985"; jointly, to the Committees on Interior and Insular Affairs, Merchant Marine and Fisheries, and Rules.

By Mr. MINETA (for himself, Mr. BOLAND, Mr. CONTE, Mr. WOLF, Mr. PARRIS, and Mr. FUQUA):

H.R. 3403. A bill to authorize the Smithsonian Institution to plan, design, and construct facilities for the National Air and Space Museum; jointly, to the Committees on House Administration and Public Works and Transportation.

By Mr. RANGEL (for himself and Mr. GILMAN):

H.R. 3404. A bill to deny most-favored-nation treatment to the products of foreign countries that are sources of narcotic and psychotropic drugs and other controlled substances and do not cooperate with the United States in eliminating the production and distribution of those substances; to the Committee on Ways and Means.

By Mr. ROBINSON:

H.R. 3405. A bill to direct the Secretary of the Army to review reports pertaining to the water supply needs of Pulaski and Lonoke Counties, AR, and for other purposes; to the Committee on Public Works and Transportation.

H.R. 3406. A bill to direct the Secretary of the Army to modify the boundaries of the Little Rock Division of the Corps of Engineers, and for other purposes; to the Committee on Public Works and Transportation.

H.R. 3407. A bill to amend the Fair Labor Standards Act of 1938 and the Tariff Act of 1930 to promote fair trade based on a fair wage; jointly, to the Committee on Education and Labor and Ways and Means.

By Mr. SCHUMER:

H.R. 3408. A bill to amend the Truth in Lending Act to establish a limitation on the rates of interest which may be imposed on credit card accounts, to provide that such limitation shall take effect on October 1, 1986, unless the determination is made that such rates reflect the cost of funds to creditors and competition among creditors for new credit card accounts, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. SUNDQUIST:

H.R. 3409. A bill to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to authorize funds for the establishment of university hazardous waste research centers; jointly, to the Committees on Energy and Commerce, Public Works and Transportation, and Science and Technology.

By Mr. UDALL:

H.R. 3410. A bill to establish a government-to-government International Copper Action Commission; to the Committee on Foreign Affairs.

By Mr. WALGREN:

H.R. 3411. A bill to amend subchapter II of chapter 15 of title 31, United States Code, to limit year end spending by executive agencies; to the Committee on Government Operations.

H.R. 3412. A bill to amend title XVIII of the Social Security Act to permit coverage of maxillofacial services and prostheses needed in conjunction with certain reconstructive surgery; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. WRIGHT (for himself, Mr. FASCELL, Mr. DE LA GARZA, Mr.

BROOMFIELD, Mr. BARNES, Mr. LAGOMARSINO, Mr. GILMAN, Mr. YATRON, Mr. SOLARZ, Mr. BONKER, Mr. STUDDS, Mr. MICA, Mr. DYMALLY, Mr. LANTOS, Mr. KOSTMAYER, Mr. TORRICELLI, Mr. SMITH of Florida, Mr. BERMAN, Mr. LEVINE of California, Mr. FEIGHAN, Mr. WEISS, Mr. ACKERMAN, Mr. MACKEY, Mr. UDALL, Mr. GARCIA, Mr. SOLOMON, Mr. SILJANDER, Mr. DORNAN of California, Mr. SMITH of New Jersey, Mr. DEWINE, Mr. BURTON of Indiana, Mr. MCCAIN, Mr. COLEMAN of Texas, Mr. TORRES, Mr. LOEFFLER, Mr. MOORHEAD, Mr. LEWIS of California, Mrs. BOGGS, Mr. OBEY, Mr. MURTHA, Mr. BEREUTER, Ms. FIEDLER, Mr. HAMILTON, Mr. ORTIZ, Mr. BUSTAMANTE, and Mr. DELAY):

H.J. Res. 394. Joint resolution reaffirming our historic solidarity with the people of Mexico following the devastating earthquake of September 19, 1985; considered and passed.

By Mrs. KENNELLY:

H.J. Res. 395. Joint resolution designating the 12-month period from September 1, 1985, through August 31, 1986, as the "350th Anniversary Year of Hartford, Connecticut"; to the Committee on Post Office and Civil Service.

By Mr. COLEMAN of Texas (for himself, Mr. SKEEN, Mrs. SCHROEDER, Mr. TORRES, Mr. BUSTAMANTE, Mr. HOYER, Mr. DURBIN, Mr. COELHO, Mr. SISISKY, Mr. MINETA, and Mrs. BURTON of California):

H. Con. Res. 196. Concurrent resolution expressing the sense of the Congress in support of the provision of disaster assistance for the victims of the earthquake in Mexico on September 19, 1985; to the Committee on Foreign Affairs.

By Mr. HAWKINS (for himself, Mr.

FORD of Michigan, Mr. GAYDOS, Mr. CLAY, Mr. MURPHY, Mr. KILDEE, Mr. MARTINEZ, Mr. DYSON, Mr. GILMAN, Mr. HORTON, Mr. CRAIG, Mr. COURTER, Mr. OBERSTAR, Mr. RODINO, Mr. YATES, Mr. BROOKS, Mr. NATCHER, Mr. FASCELL, Mr. WRIGHT, Mr. CONTE, Mr. KASTENMEIER, Mr. ADDABO, Mr. FUQUA, Mr. MCDADE, Mr. QUILLEN, Mr. ANNUNZIO, Mr. CONYERS, Mr. DE LA GARZA, Mr. HOWARD, Mr. JONES of North Carolina, Mr. GRAY of Illinois, Mr. BEVILL, Mr. HAMMERSCHMIDT, Mr. NICHOLS, Mr. SCHEUER, Mr. FISH, Mr. JONES of Tennessee, Mr. ROE, Mr. STOKES, Mr. WHITEHURST, Mr. YATRON, Mr. ASPIN, Mr. BREAUX, Mr. DELLUMS, Mr. LENT, Mr. MAZZOLI, Mr. MITCHELL, Mrs. COLLINS, Mr. LEHMAN of Florida, Mr. LOTT, Mr. MADIGAN, Mr. RINALDO, Mr. ROSE, Mr. SHUSTER, Mr. TAYLOR, Mr. TRAXLER, Mr. WILSON, Mr. AUCCOIN, Mr. BEDELL, Mr. EDGAR, Mr. FLORIO, Mr. HEFNER, Mr. HUBBARD, Mrs. LLOYD, Mr. NOWAK, Mr. SOLARZ, Mr. WAXMAN, Mr. WEAVER, Mr. LUKE, Mr. APPLEGATE, Mr. EDWARDS of Oklahoma, Mr. GARCIA, Mr. LEACH of Iowa, Ms. MIKULSKI, Mr. RAHALL, Mr. STANGELAND, Mr. VENTO, Mr. VOLKMER, Mr. WALGREN, Mr. WEISS, Mr. YOUNG of Missouri, Mr. CARR, Mr. BARNES, Mr. BONER of Tennessee, Mr. CLINGER, Mr. COELHO, Mr. CROCKETT, Mr. DAVIS, Mr. DIXON, Mr. FAZIO, Mr. FROST, Mr. GINGRICH, Mr. HALL of Ohio, Mr. LELAND, Mr. LEWIS of Cali-

fornia, Mr. Lowry of Washington, Mr. MAVROULES, Mr. PASHAYAN, Mr. SHELBY, Mr. KOSTMAYER, Mr. DOWDY of Mississippi, Mr. DYMALLY, Mr. ECKART of Ohio, Mr. FOGLIETTA, Mr. GEJDESON, Mr. HERTEL of Michigan, Mr. HILER, Mr. HUNTER, Mr. McEWEN, Mr. ROBERTS, Mr. SAVAGE, Mr. SNYDER, Mr. WORTLEY, Mr. WYDEN, Mr. ACKERMAN, Mr. BILIRAKIS, Mr. BOEHLERT, Mr. BORSKI, Mr. BOSCO, Mr. BOUCHER, Mr. BRYANT, Mrs. BURTON of California, Mr. COLEMAN of Texas, Mr. DARDEN, Mr. ERDREICH, Mr. EVANS of Illinois, Mr. FEIGHAN, Mr. HAYES, Mrs. JOHNSON, Ms. KAPTUR, Mr. KLECZKA, Mr. KOLTER, Mr. McCLOSKEY, Mr. MOLLOHAN, Mr. MOODY, Mr. MRAZEK, Mr. PENNY, Mr. PERKINS, Mr. RICHARDSON, Mr. RIDGE, Mr. SIKORSKI, Mr. SISISKY, Mr. SMITH of Florida, Mr. STAGGERS, Mr. TALLON, Mr. TORRES, Mr. TORRICELLI, Mr. TOWNS, Mr. WHEAT, Mr. WISE, Mrs. BENTLEY, Mr. BRUCE, Mr. DIOGUARDI, Mr. GORDON, Mr. KANJORSKI, Mr. LIGHTFOOT, Mr. MANTON, Mr. ROBINSON, Mr. STALLINGS, and Mr. TRAFICANT).

H. Res. 268. Resolution to express the sense of the House of Representatives with respect to proposals currently before the Congress to tax certain employer-paid benefits and other life-support benefits; to the Committee on Ways and Means.

By Mr. MARKEY (for himself, Mr. WOLFE, Mr. BARNES, Mr. UDALL, Mr. WAXMAN, Mr. SOLOMON, Mrs. SCHROEDER, Mr. OWENS, Ms. KAPTUR, Mr. ECKART of Ohio, Mr. FOWLER, Mr. GLICKMAN, Mr. VENTO, Mr. MRAZEK, Mr. CONYERS, Mr. DOWNEY of New York, Mr. LELAND, Mr. TORRES, Mr. EDWARDS of California, Mr. NEAL, Mr. DYSON, Mr. PENNY, Ms. MIKULSKI, Mr. VALENTINE, Mr. HOWARD, Mr. RUSSO, Mr. FAUNTROY, Mr. KASTENMEIER, Mr. RICHARDSON, Mr. DYMALLY, Mr. TOWNS, Mr. LEHMAN of Florida, Mr. MOAKLEY, and Mr. WEISS):

H. Res. 269. Resolution to request the President to resubmit the Proposed Agreement for Cooperation with China to the Congress with exemptions from two requirements of the Atomic Energy Act; to the Committee on Foreign Affairs.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of the rule XXII,

Mr. Jones of Tennessee introduced a bill (H.R. 3413) for the relief of Jacqueline Yian Barbee; to the Committee on the Judiciary.

#### ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 44: Mr. LEATH of Texas.  
H.R. 236: Mr. CLINGER.  
H.R. 442: Mr. McGRATH, Mr. HOYER, and Mr. HYDE.  
H.R. 776: Mr. SCHUMER, Mr. REGULA, and Mr. DAUB.  
H.R. 825: Mr. MATSUI, Mr. NELSON of Florida, Mr. ROBINSON, and Mr. SKELTON.  
H.R. 979: Mr. KASICH.  
H.R. 1019: Mr. DURBIN.  
H.R. 1021: Mr. TOWNS.  
H.R. 1059: Mr. STRANG and Mr. COMBEST.

H.R. 1207: Mr. COURTER and Mr. MORRISON of Washington.

H.R. 1361: Mr. EDGAR.

H.R. 1375: Mr. CONYERS and Mr. COBEY.

H.R. 1376: Mr. SHAW.

H.R. 1659: Mr. ARMEY, Mr. BARTON of Texas, Mr. BUSTAMANTE, Mr. EDWARDS of Oklahoma, Mr. KASICH, and Mr. MATSUI.

H.R. 1679: Mrs. JOHNSON.

H.R. 1704: Mr. BEDELL, Mr. HENDON, Mr. YOUNG of Florida, Mr. HENRY, Mr. PEASE, Mr. FIELDS, Mr. BARTLETT, and Mr. BLAZ.

H.R. 1770: Mr. CROCKETT, Mr. GINGRICH, Mr. GROTEBERG, and Mr. OBERSTAR.

H.R. 2170: Mr. FOWLER and Mr. HUBBARD.

H.R. 2453: Mr. HAMMERSCHMIDT.

H.R. 2680: Ms. SNOWE.

H.R. 2708: Mr. SHAW.

H.R. 2815: Mr. CRANE, Mrs. VUCANOVICH, Mr. YOUNG of Florida, Mrs. MARTIN of Illinois, Mr. BROWN of Colorado, Mr. BOULTER, and Mr. GINGRICH.

H.R. 2866: Mr. VALENTINE.

H.R. 2902: Mr. COOPER, Mr. FOGLIETTA, Mr. OBERSTAR, and Mrs. SCHROEDER.

H.R. 2983: Mr. BONIOR of Michigan, Mr. CROCKETT, and Mr. WOLFE.

H.R. 3035: Mr. KILDEE.

H.R. 3081: Mr. GREEN, Mr. CONYERS, Mr. BARNES, Mr. MORRISON of Connecticut, Mr. MOODY, Mrs. BURTON of California, Mr. TOWNS, Mr. CROCKETT, Mr. WILLIAMS, Mr. GRAY of Pennsylvania, Ms. OAKAR, Mr. ORTIZ, Mr. ROSE, Mr. DERRICK, Mr. FLORIO, Mr. EDWARDS of California, Mr. DARDEN, Mr. WALGREN, Mr. SWINDALL, Mr. GLICKMAN, Mr. YOUNG of Florida, Mr. BOSCO, and Mr. BADHAM.

H.R. 3132: Mr. FAWELL, Mrs. BENTLEY, Mr. DWYER of New Jersey, Mr. MRAZEK, Mr. WAXMAN, Mr. SCHEUER, Mr. WHEAT, Mr. BONIOR of Michigan, Mrs. BOXER, Mr. RANGEL, and Mr. WEISS.

H.R. 3148: Mr. CONYERS, Mr. SIKORSKI, and Mr. LUKEN.

H.R. 3149: Mr. CROCKETT, Mr. WILSON, Mr. STANGELAND, Mr. LAGOMARSINO, Mr. HUCKABY, Mr. THOMAS of Georgia, Mr. MANTON, Mr. HUGHES, Mr. BATEMAN, Mr. MURPHY, Mr. WOLFE, Mr. GOODLING, Mr. MARTINEZ, Mr. FROST, Mr. MATSUI, and Mr. LEWIS of California.

H.R. 3260: Mr. GREGG, Mr. LEACH of Iowa, Mr. DASCHLE, Mr. FRANK, Mr. LELAND, and Mr. STUDDS.

H.R. 3263: Mr. ROE, Mr. BEILSON, and Mr. MRAZEK.

H.R. 3292: Mr. LAGOMARSINO, Mrs. KENNELLY, Mr. DIXON, Mr. CHANDLER, Mr. DANNEMEYER, Mrs. HOLT, Mr. WOLF, Mr. OXLEY, Mr. SKEEN, Mr. WHITEHURST, Mr. MONTGOMERY, Mrs. BOXER, Mr. LIGHTFOOT, Mr. SMITH of New Jersey, Mr. WHITTAKER, Mr. BROWN of Colorado, and Mr. WORTLEY.

H.R. 3298: Mr. RINALDO.

H.R. 3384: Mr. MYERS of Indiana.

H.J. Res. 126: Mr. YOUNG of ALASKA, and Mr. HAYES.

H.J. Res. 141: Ms. OAKAR, Mr. SMITH of New Jersey, Mr. DIOGUARDI, Mr. RALPH M. HALL, Mr. DANIEL, Mr. GUARINI, Mr. MATSUI, Mr. BARTLETT, Mr. SAXTON, Mr. AKAKA, Mr. ANTHONY, Mr. BONIOR of Michigan, Mr. BOSCO, Mrs. BURTON of California, Mr. COOPER, Mr. CONTE, Mr. APPELGADE, Mr. BENNETT, Mr. CARPER, and Mr. CALLAHAN.

H.J. Res. 183: Mr. BARNARD, Mr. BONIOR of Michigan, Mr. BROYHILL, Mr. BURTON of Indiana, Mr. COYNE, Mr. DANNEMEYER, Mr. DASCHLE, Mr. DE LA GARZA, Mr. DERRICK, Mr. EARLY, Mr. ENGLISH, Mr. FLIPPO, Mr. GALLO, Mr. GEPHARDT, Mr. GROTEBERG, Mr. GUARINI, Mr. HAMILTON, Mr. HATCHER, Mr. JACOBS, Mr. JONES of North Carolina, Mr.

MOLLOHAN, Mr. ROBERTS, Mr. ST GERMAIN, Mr. SKEEN, Mr. SKELTON, Mr. SPENCE, Mr. SYNAR, Mr. TORRICELLI, Mr. WHITTAKER, Mr. YOUNG of Florida, Mr. BROWN of Colorado, Mr. FASCELL, Mr. McCLOSKEY, and Mr. SILJANDER.

H.J. Res. 296: Mr. DONNELLY, Mr. BOLAND, and Mr. DAVIS.

H.J. Res. 313: Mr. THOMAS of Georgia, Mrs. BYRON, Mr. ROWLAND of Georgia, Mr. RINALDO, Mr. SPENCE, Mr. HORTON, Mr. MILLER of Ohio, Mr. MAZZOLI, Mr. MORRISON of Washington, and Mr. McKERNAN.

H.J. Res. 334: Mr. ANNUNZIO, Mr. BEVILL, Mr. BONIOR of Michigan, Mrs. BOXER, Mr. BROWN of California, Mr. BRYANT, Mr. BUSTAMANTE, Mr. CARR, Mr. CHAPPIE, Mr. CLAY, Mr. COELHO, Mr. CONYERS, Mr. CRAIG, Mr. CROCKETT, Mr. DARDEN, Mr. DASCHLE, Mr. DIOGUARDI, Mr. DIXON, Mr. DURBIN, Mr. FEIGHAN, Mr. FLORIO, Mr. FOGLIETTA, Mr. GARCIA, Mr. GONZALEZ, Mr. HORTON, Mr. HOWARD, Mr. JONES of Tennessee, Mr. JONES of North Carolina, Mr. KILDEE, Mr. KLECZKA, Mr. McCAIN, Mr. MANTON, Mr. MOAKLEY, Mr. MRAZEK, Mr. NICHOLS, Mr. RINALDO, Mr. ROGERS, Mr. SIKORSKI, Mr. VOLKMER, Mr. WHEAT, Mr. WISE, Mr. WYLLIE, Mr. FISH, Mr. BOLAND, and Mr. GROTEBERG.

H.J. Res. 381: Mr. MORRISON of Connecticut, Mr. McGRATH, and Mr. MANTON.

H.J. Res. 386: Mr. NEAL, Mr. LIVINGSTON, Mrs. BENTLEY, Mr. MRAZEK, and Mr. BURTON of Indiana.

H. Con. Res. 178: Mr. OWENS, Mr. ROSE, Mr. MITCHELL, Mr. LAGOMARSINO, Mr. CONYERS, Mr. WORTLEY, Ms. KAPTUR, Mr. DE LUGO, Mrs. COLLINS, Ms. MIKULSKI, Mr. EDWARDS of Oklahoma, Mr. FOGLIETTA, Mrs. BENTLEY, Mr. LEHMAN of Florida, Mr. MATSUI, Mr. RAHALL, Mr. RANGEL, Mr. GONZALEZ, Mr. BERMAN, Mr. MARTINEZ, Mr. DOWNEY of New York, and Mr. FEIGHAN.

H. Con. Res. 190: Mr. GUNDERSON, Mr. PASHAYAN, Mr. TAYLOR, Mr. McCURDY, Mr. BARNARD, and Mr. WEBER.

H. Res. 40: Mr. MURPHY, Mr. STALLINGS, and Mr. WHITTAKER.

H. Res. 60: Mr. BURTON of Indiana.

H. Res. 180: Mr. RUDD, Mr. SUNIA, Mr. GINGRICH, Mr. WHITEHURST, Mr. SMITH of New Hampshire, Mr. LAGOMARSINO, Mr. DEWINE, Mr. LUNGREN, Mr. DYSON, Mr. HUTTO, Mr. BRYANT, and Mr. LIVINGSTON.

H. Res. 245: Mr. BARNARD, Mr. BOLAND, Mr. DANIEL, Mr. DE LUGO, Mr. DYSON, Mr. EMERSON, Mr. HEFNER, Mr. HORTON, Mr. QUILLEN, Mr. RAHALL, Mr. SMITH of Florida, Mr. YOUNG of Alaska, Mr. WATKINS, Mr. DARDEN, Mr. DWYER of New Jersey, Mr. HAYES, Mr. JONES of North Carolina, Mr. MRAZEK, Mr. WORTLEY, and Mr. KINDNESS.

#### PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

211. By the SPEAKER: Petition of the South Florida Americans for Democratic Action, West Palm Beach, FL, relative to South Africa; to the Committee on Foreign Affairs.

212. Also, petition of the Elks Grand Lodge, Winton, NC, relative to enterprise zones; to the Committee on Ways and Means.

## AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2100

By Mr. ENGLISH:

—Title 11, on page 274, after line 12, insert the following:

“Subtitle D—Transportation Charges for Waterborne Cargoes of Donated Commodities

## LIMITATION ON REQUIREMENTS

Sec. 1141. Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended by adding at the end thereof the following: “Export activities of the Corporation under this Act and activities of the Corporation or the Department of Agriculture to promote the export of agricultural commodities under any other Act shall not be subject to cargo preference requirements, except to the extent otherwise required for exports under the Agricultural Trade Development and Assistance Act of 1954.”

By Mr. PENNY:

—Page (115) on line 3, strike out “\$4.50” and insert in lieu thereof “\$4.60”.

Page (120) on line 3, strike out “\$3.25” and insert in lieu thereof “\$3.35”.

By Mr. ROTH:

—Page 37, beginning in line 11, strike out “The Secretary” and all that follows through “Agriculture,” in line 14 and insert in lieu thereof the following: “The Secretary of Agriculture shall, in consultation with the International Trade Commission and the United States Trade Representative, conduct a study to determine what relief should be granted because of the interference of imported casein with the dairy price support program.”

—Page 274, after line 18 insert the following:

## TRADE LIBERALIZATION

Sec. 1132. (a) Congress finds that—

(1) the present high level of agricultural protectionism contrasts sharply with the general trade liberalization that has been achieved since the inception of the General Agreement on Tariffs and Trade (hereinafter referred to as “GATT”);

(2) GATT procedures should explicitly recognize the protective effect of domestic subsidies that alter trade indirectly by reducing the demand for imports and increasing the supply of exports;

(3) current rules make a distinction between primary and manufactured products, and this allows for agricultural export subsidies;

(4) the rule that permits export subsidies on primary products that do not result in inequitable market shares has proven to be unworkable; and

(5) a unified treatment of tariffs and subsidies would clarify trading rules for market participants and simplify trade negotiations.

(b) It is the sense of Congress that the President should negotiate with other parties to GATT to revise GATT rules so that agricultural export subsidies would be treated the same as tariffs and primary products the same as manufactured products.

Amend the table of contents at the beginning of the bill accordingly.

By Mr. SKELTON:

—Insert in Section 1605 (which amends Section 204 of the Temporary Emergency Food Assistance Act) a new paragraph:

(4) Funds from section 204(c)(1) shall be available to the extent that they are

matched on an equal basis by State appropriated funds. The provision shall apply to a State beginning October 1 of the calendar year in which the State legislature next meets.

By Mr. VOLKMER:

—Page 110, strike out line 1 and all that follows thereafter through page 124, line 14, and insert the following new title:

## TITLE VA—PRODUCER-APPROVED WHEAT AND FEED GRAIN PROGRAMS

REFERENDA AND QUOTAS, PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1991 CROPS OF WHEAT AND FEED GRAINS

Sec. 551. Effective only for the 1986 through 1991 crops, the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended by adding at the end of a new title V as follows:

## “TITLE V—REFERENDA AND QUOTAS, PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1991 CROPS OF WHEAT AND FEED GRAINS

## “Subtitle A—Findings and Policy; Consumer Safeguards

## “FINDINGS AND POLICY

“Sec. 501. (a) Congress finds that—

“(1) wheat and feed grains are essential agricultural commodities for the Nation, are produced throughout the United States by hundreds of thousands of farmers, and along with their products flow in substantial amounts through instrumentalities of interstate and foreign commerce from producers to consumers;

“(2) abnormally excessive and abnormally deficient supplies of wheat and feed grains on the country-wide market acutely and directly affect, burden, and obstruct interstate and foreign commerce; and

“(3) interstate and foreign commerce in wheat and feed grains, and their products, should be protected from burdensome surpluses and disruptive shortages, a supply of the commodities should be maintained to meet domestic consumption of the Nation should not be squandered in the production of surplus burdensome supplies of the commodities.

“(b) It is hereby declared to be the policy of Congress that it is in the interest of the general welfare to assist in the marketing of wheat and feed grains for domestic consumption and export; to regulate interstate and foreign commerce in the commodities to the extent necessary to provide an orderly, adequate, and balanced flow of the commodities in interstate and foreign commerce; and to provide loans and other means to maintain farm income for producers of the commodities, reduce excess production, and enable consumers to obtain an adequate and steady supply of such commodities at fair prices.

## CONSUMER SAFEGUARDS

“Sec. 502. The powers conferred under this title shall not be used to discourage the production of supplies of food and animal feed sufficient to meet normal domestic and export needs, as determined by the Secretary. In carrying out the purposes of this title, the Secretary shall give due regard to the maintenance of a continuous and stable supply of agricultural commodities from domestic production adequate to meet consumer demand at prices fair both to producers and consumers.

## “Subtitle B—Producer-Approved Wheat and Feed Grain Program

## PROCLAMATION OF WHEAT AND FEED GRAIN MARKETING QUOTAS

“Sec. 511. (a) Whenever prior to April 15 in any calendar year the Secretary determines that the total supply of wheat or feed grains, or both, in the marketing years for such commodities beginning in the next succeeding calendar year, in the absence of a marketing year program, will likely be excessive, the Secretary shall proclaim that a national marketing quota for wheat or a national marketing quota for feed grains, as the case may be, or marketing quotas for both, shall be in effect for such marketing years and for the marketing years for the next crop of such commodities. In the case of the marketing years for the 1986 and 1987 crops of such commodities, such determination and proclamation shall be made as soon as practicable after the enactment of the Food Security Act of 1985, but not later than January 1, 1986.

“(b) If a national marketing quota for wheat or feed grains has been proclaimed for any marketing year, the Secretary shall determine and proclaim the amount of the national marketing quota for such marketing year not earlier than January 1 nor later than April 15 of the calendar year preceding the year in which such marketing year begins, except that in the case of the marketing years for the 1986 and 1987 crops, such determination and proclamation shall be made as soon as practicable after the enactment of the Food Security Act of 1985, but not later than January 1, 1986. The amount of the national marketing quota for wheat or feed grains for any marketing year shall be an amount of wheat or feed grains that the Secretary estimates is required to meet anticipated needs during such marketing year, taking into consideration domestic requirements, export demand, food aid needs, and adequate carry-over stocks.

“(c) If, after the proclamation of a national marketing quota for wheat or feed grains for any marketing year, the Secretary determines that the national marketing quota should be terminated or increased to meet a national emergency or a material increase in the demand for wheat or feed grains, the national marketing quota shall be increased or terminated by the Secretary.

## “FARM MARKETING QUOTAS

“Sec. 512. (a) For each marketing year for wheat or feed grains for which a national marketing quota has been proclaimed under section 511 of this title, the Secretary shall establish farm marketing quotas in accordance with this section.

“(b) The Secretary shall establish a marketing quota apportionment factor for each wheat or feed grain marketing year for which a national marketing quota is proclaimed under section 511. The marketing quota apportionment factor shall be determined by dividing the national marketing quota for such marketing year for wheat or feed grains by the product obtained by multiplying (1) the Secretary's estimate of the average of the then current program yields for wheat or feed grains assigned to each farm by (2) the total of each farm's then current wheat or feed grain crop acreage base.

“(c) The Secretary shall assign a farm marketing quota to each farm with a wheat or feed grain crop acreage base of fifteen acres or more for the crop involved by multiplying the marketing quota apportion-

ment factor determined under subsection (b) of this section by the product obtained by multiplying (1) such farm's then current program yield for wheat or feed grains by (2) such farm's then current wheat or feed grain crop acreage base.

"(d) Farm marketing quotas shall be established by the Secretary under this section by June 1 of the calendar year preceding the marketing year for which a national marketing quota has been proclaimed under this title, except that in the case of the 1986 and 1987 crops, such quotas shall be established as soon as practicable after the enactment of the Food Security Act of 1985, but not later than January 1, 1986.

**"PROCLAMATION OF WHEAT AND FEED GRAINS  
NATIONAL PRODUCTION ACREAGES**

"Sec. 513. (a) If a national marketing quota has been proclaimed for any wheat or feed grain marketing year under section 511 of this title, the Secretary shall proclaim a wheat or feed grain national production acreage for the crop of wheat or feed grains covered by such marketing year on the date that such national marketing quota is proclaimed.

"(b) The amount of the national production acreage for any crop of wheat or feed grains shall be the number of wheat or feed grain acres that the Secretary determines on the basis of the projected national yield and expected underplantings (acreage other than acreage not harvested because of program incentives) of the farm production acreages for such crop will produce an amount of wheat or feed grains equal to the national marketing quota for the commodity for the marketing year for such crop.

"(c) If, after the proclamation of the national production acreage for wheat or feed grains for any crop, the Secretary determines that the national production acreage should be terminated or increased to meet a national emergency or a material increase in the demand for wheat or feed grains, the national production acreage shall be increased or terminated by the Secretary.

**FARM PRODUCTION ACREAGES**

"Sec. 514. (a) The national production acreage determined under section 513 of this title for a crop of wheat or feed grains shall be apportioned by the Secretary among farms in accordance with this section.

"(b) The Secretary shall establish a production acreage apportionment factor for each crop of wheat or feed grains for which a national production acreage is determined. The production acreage apportionment factor shall be determined by dividing the national production acreage for such crop of wheat or feed grains by the total of the acres of wheat or feed grains included in each farm's wheat or feed grain crop acreage base, as determined under title VI of this Act.

"(c) The Secretary shall determine the wheat or feed grain farm production acreage for each farm (with a crop acreage base for the commodity and crop involved of fifteen acres or more) on which wheat or feed grains are produced by multiplying the production acreage apportionment factor determined under subsection (b) of this section by the farm's wheat or feed grain crop acreage base.

"(d) Notwithstanding the provisions of subsection (c) of this section, the farm production acreage for each farm—

"(1) in the case of each crop of wheat, shall be equal to 65 per centum of the farm's crop acreage base for wheat, unless

the Secretary estimates that, by the end of the marketing year for that crop of wheat, ending stocks of wheat will be equal to or less than the domestic consumption of wheat for the marketing year; and

"(2) in the case of each crop of feed grains, shall be equal to 80 per centum of the farm's acreage base for feed grains, unless the Secretary estimates that, by the end of the marketing year for that crop of feed grains, ending stocks of feed grains will be 10 per centum or less of the total use of feed grains for the marketing year.

"(e) Subject to the provisions of section 535(b) of this title, whenever a wheat or feed grain production acreage for a crop is established for a farm, other than for a crop which the producers on the farm uses for on-farm feeding purposes and which the producers on the farm certify in writing will be used exclusively for on-farm feeding purposes during the period for which a national production acreage is in effect, under this section, the producers on the farm may not plant an acreage on the farm to the commodity for harvest for the crop in excess of the farm's production acreage for the commodity; and with respect to farms with a crop acreage base for the commodity and crop involved of less than fifteen acres, producers on the farm may not plant an acreage on the farm to the commodity for harvest for the crop in excess of fifteen acres.

**REFERENDA**

"Sec. 515. (a) If national marketing quotas for wheat, feed grains, or both wheat and feed grains for two marketing years, are proclaimed under section 511 of this title, the Secretary shall, not later than July 1 of the calendar year in which such national marketing quotas are proclaimed, conduct a referendum by secret ballot of wheat and feed grain producers to determine whether they favor or oppose marketing quotas and production acreages for the marketing years and crops for which proclaimed. In the case of the 1986 and 1987 crops, the referendum shall be conducted as soon as practicable after the date of enactment of the Food Security Act of 1985, but not later than February 1, 1986.

"(b) Any producer with a wheat or feed grain crop acreage base of fifteen or more acres for the then current crop, as determined under title VI of this Act, shall be eligible to vote in the referendum. For purposes of this section, the term 'producer' shall include any person who is entitled to share in a crop of the commodity, or the proceeds thereof, because the person shares in the risks of production of the crop as an owner, landlord, tenant, or sharecropper. A landlord whose return from the crop is fixed regardless of the amount of the crop produced shall not be considered a producer.

"(c) The Secretary shall proclaim the results of any referendum held hereunder within fifteen days after the date of such referendum and if the Secretary determines that 60 per centum or more of the producers of wheat and feed grains (including 50 per centum or more of the producers of wheat and 50 per centum or more of the producers of feed grains) voting in the referendum voted for marketing quotas and production acreages, the Secretary shall proclaim that marketing quotas and production acreages will be in effect with respect to the crops of wheat or feed grains, or both, produced for harvest in the two calendar years following the year in which the referendum is held (or in the case of the referendum held no later than February 1, 1986, for crops harvested in 1986 and 1987).

"(d) In the event that marketing quotas and production acreages are approved with respect to the 1986 crop of wheat or feed grains, the Secretary shall provide fair and equitable compensation to producers who planted a crop in excess of their farm production acreage prior to the proclamation by the Secretary that marketing quotas and production acreages will be in effect with respect to that crop. Such compensation shall cover at a minimum the costs incurred by producers for planting such crop, as determined by the Secretary.

"(e) If the Secretary determines that 60 per centum or more of the producers of wheat and feed grains (including 50 per centum or more of the producers of wheat and 50 per centum or more of the producers of feed grains) voting in a referendum approved marketing quotas and production acreages for a period of two marketing years, no referendum shall be held for the next year of such period.

"(f) If marketing quotas and production acreages are not approved by producers in a referendum as provided under this section, with respect to the crops harvested in the succeeding year, in lieu of such marketing quotas and production acreages, the Secretary shall provide such loans, purchases, payments, and other assistance to producers of wheat and feed grains as provided elsewhere in this Act.

**LOANS AND PURCHASES**

"Sec. 516. (a) If producers of wheat and feed grains approve marketing quotas and production acreages, as provided in section 515 of this title, loans and purchases shall be made available to producers as provided in sections 105C and 107D of this Act, except that the minimum loan rates for the crops of wheat or feed grains with respect to which marketing quotas and production acreages are in effect—

"(1) in the case of wheat, shall be not less than \$5.03 per bushel for the 1986 crop, and, for each of the 1987 through 1991 crops of wheat, shall be not less than a level that represents an increase of two parity index points over the previous crop's minimum loan level, or the level provided in the following table, whichever is less:

"for the 1987 crop.....	\$5.17 per bushel
for the 1988 crop.....	5.31 per bushel
for the 1989 crop.....	5.45 per bushel
for the 1990 crop.....	5.59 per bushel
for the 1991 crop.....	5.73 per bushel.

"(2) in the case of corn, shall be not less than \$3.49 per bushel of corn for the 1986 crop, and, for the 1987 through 1991 crops, shall be not less than a level that represents an increase of two parity index points over the previous crop's minimum loan level, or the level provided in the following table, whichever is less:

"for the 1987 crop.....	\$3.59 per bushel
for the 1988 crop.....	3.69 per bushel
for the 1989 crop.....	3.79 per bushel
for the 1990 crop.....	3.89 per bushel
for the 1991 crop.....	3.99 per bushel.

"(3) in the case of feed grains other than corn, for each of the 1986 through 1991 crops, shall be such rate as the Secretary determines fair and reasonable in relation to the rate at which loans are made available for corn.

"(b) Loans referred to in subsection (a) shall not be subject to the limitation on nonrecourse loans set forth in section 405(b) of this Act.

## MARKETING CERTIFICATES

"SEC. 531. (a) At the time a producer of wheat or feed grains is assigned a farm marketing quota under section 512 of this title for any marketing year, the Secretary shall issue a marketing certificate to such producer for the crop of such commodity covered by such marketing year. The Secretary shall also issue marketing certificates to producers with a wheat or feed grain crop acreage base of less than 15 acres (producers not assigned a farm marketing quota) for such commodities to be produced on such crop acreage base for the crop covered by such marketing year.

"(b) A marketing certificate applicable to a marketing year issued to a producer of wheat or feed grains shall authorize such producer to market, barter, or donate, during such marketing year, an amount of such commodity equal to the farm marketing quota assigned to such producer (or, in the case of a producer not assigned a marketing quota because the producer's crop acreage base for the commodity crop is less than 15 acres, an amount of such commodity equal to the producer's production of the commodity on the acreage—if the acreage is less than fifteen acres—planted to the commodity for harvest.

"(c) The Secretary shall adjust the amount of wheat or feed grains that may be marketed, bartered, or donated under a marketing certificate to reflect the amount of such commodity that will be used for feed, human consumption, or other purposes on the farm of the producer.

"(d) If for any crop, the wheat or feed grains that the producer harvests exceeds the amount of the commodity that may be marketed, bartered, or donated under a marketing certificate, the surplus amount of such commodity may be used for feed, human consumption, or other purposes on the farm of the producer, or may be carried over by the producer from one marketing year to the succeeding marketing year and may be marketed without penalty imposed under section 523 of this subtitle in the succeeding marketing year to the extent that (1) the total amount of such commodity available for marketing from the farm in the marketing year from which such commodity is carried over does not exceed the farm marketing quota, and (2) the total amount of such commodity available for marketing in the succeeding marketing year (that is, the sum of the amount of such commodity carried over and the amount of such commodity produced on the farm subject to a farm marketing quota in the succeeding marketing year) does not exceed the farm marketing quota for the succeeding marketing year.

"(e) Wheat or feed grains harvested in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though such commodity is marketed prior to the date on which such marketing year begins.

"(f) A person may not purchase or otherwise acquire an amount of a commodity from a producer in excess of the amount of the commodity that may be marketed, bartered, or donated by such producer under a marketing certificate.

"(g) If marketing quotas for a commodity are not in effect for any marketing year, all previous marketing certificates applicable to such commodity shall be terminated, effective as of the first day of such marketing year.

## "PENALTIES

"SEC. 532. (a)(1) Except as provided in subsection (b) of this section, if a producer fails to comply with any term or condition of a program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment authorized under this Act.

"(2) Except as provided in subsection (c) of this section, if a producer markets, barter, or donates a commodity without a marketing certificate required under section 532 of this subtitle or markets, barter, or donates an amount of a commodity for use in excess of the amount of the commodity the producer is permitted to market, barter, or donate under such certificate, the Secretary shall—

"(A) assess a civil penalty against such producer in an amount equal to three times the current minimum loan rate for the commodity so marketed, bartered, or donated; or

"(B) decrease the number of acres of the producer's wheat or feed grain crop acreage base such producer may devote to production under section 514 of this title for the succeeding crop of the commodity by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A) of this paragraph.

"(3) If a person knowingly purchases or otherwise acquires an amount of a commodity from a producer in excess of the amount of the commodity that may be marketed, bartered, or donated by such producer under a marketing certificate issued under section 531 of this subtitle, the Secretary shall assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the commodities so purchased or acquired.

"(b) If a producer fails to comply fully with the terms and conditions of a program conducted under this title and the Secretary believes the failure should not preclude the making of loans, purchases, or payments to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

"(c) If the Secretary determines that the penalties provided for in subsection (a) of this section are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

## "TRANSFER OF FARM MARKETING QUOTAS

"SEC. 534. Farm marketing quotas assigned to a farm under this title generally shall not be transferable, but, in accordance with regulations prescribed by the Secretary for such purpose, the farm marketing quota assigned to a farm for any marketing year, or any portion thereof, may be voluntarily surrendered to the Secretary by the producer, and the Secretary may reallocate the amount of any farm marketing quotas so surrendered to other farms having farm marketing quotas on such basis as the Secretary may determine.

## "CONSERVATION OF ACREAGE REMOVED FROM PRODUCTION

"SEC. 535. (a) A producer of a commodity shall devote to approved conservation use all acreage of the farm's wheat or feed grain crop acreage base that may not be devoted to the production of the commodity involved under the rules applicable to farm

production acreages under sections 514 and 524 of this title.

"(b) The Secretary may make such adjustments in the amount of such acreage removed from production as the Secretary determines necessary to correct for abnormal factors affecting production and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines appropriate.

"(c) Regulations issued by the Secretary under this section with respect to acreage required to be devoted to conservation uses shall require appropriate measures to protect such acreage against noxious weeds and wind and water erosion.

"(d)(1) Any acreage removed from production may be devoted to wildlife food plots or wildlife habitats in conformity with standards established by the Secretary in consultation within wildlife agencies.

"(2) The Secretary may pay such amount as the Secretary considers appropriate of the cost of the practices designed to carry out the purposes of paragraph (1) of this subsection.

"(3) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(e)(1) A producer of a commodity shall execute an agreement with the Secretary that describes the means the producer will use to comply with this section not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreement with such producer, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

## "REGULATIONS

"SEC. 536. The Secretary may issue such regulations as the Secretary determines necessary to carry out this title.

## "COMMODITY CREDIT CORPORATION

"SEC. 537. The Secretary shall carry out the program authorized by this title through the Commodity Credit Corporation.

## "ADMINISTRATIVE PROVISIONS

"SEC. 538. The provisions of sections 361, 362, 363, 364, 365, 366, 367, 368, 372(d), 373, 374, 375, and 376 of the Agricultural Adjustment Act of 1938, as amended by section 452 of the Food Security Act of 1985, shall apply to the programs in effect under this title for any of the 1986 through 1991 crops of wheat and feed grains."

## "LIMITATION ON IMPORTS

"SEC. 539. If imports of grain or processed grain threaten to render ineffective, or materially interfere with, the national marketing quota program, Congress expects the Secretary will take appropriate action available under section 22 of the Agriculture Adjustment Act of 1933 as is necessary in order that such imports will not render ineffective or materially interfere with this program."

Amend the table of contents in section 2 accordingly.